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REPORT OF THE EXTERNAL AUDITOR, FINANCIAL PERFORMANCE REPORT AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 1998-1999

Report of the External Auditor on the accounts of the United Nations Industrial Development Organization and of the Industrial Development Fund for the financial period 19998-1999 ended 31 December 1999*

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Die Präsidentin des Bundesrechnungshofes

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LETTER OF TRANSMITTAL

Sir,

I have the honour to present to the Industrial Development Board through the Programme and Budget Committee my report and audit opinion on the financial statements of the United Nations Industrial Development Organization for the financial period 1998-1999 ended 31 December 1999, which incorporate the financial statements of the Industrial Development Fund for the same biennial period.

For information purposes, I enclose also copies of my audit opinion on the statements showing, as at 31 December 1999, the status of funds advanced by the United Nations Development Programme and the United Nations Population Fund to the United Nations Industrial Development Organization.

Accept Sir, the assurances of my highest consideration.

[*Signed*]

Dr. H. von Wedel
President of the Federal Court of Audit
Germany

External Auditor

Enclosures

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REPORT OF THE EXTERNAL AUDITOR, FINANCIAL PERFORMANCE REPORT AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 1998-1999

REPORT OF THE EXTERNAL AUDITOR ON THE ACCOUNTS OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION AND OF THE INDUSTRIAL DEVELOPMENT FUND FOR THE FINANCIAL PERIOD 1998-1999 ENDED 31 DECEMBER 1999

I. General

1. I have audited the accounts of the United Nations Industrial Development Organization (UNIDO) and the Industrial Development Fund (IDF) for the financial period 1 January 1998 to 31 December 1999 in accordance with Article XI of the Financial Regulations of the Organization and the "Additional terms of reference governing the audit of the UNIDO" appended thereto.

2. The audit was carried out by staff of the German Federal Court of Audit at UNIDO Headquarters in Vienna and at the offices of the UNIDO Representatives in Beijing and New Delhi. The examinations were performed in accordance with generally accepted auditing standards, in conformance with international standards, and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency. Furthermore, I carried out reviews under Financial Regulation 11.4. These reviews primarily concerned the economy, efficiency and effectiveness of the financial procedures and internal financial controls and, in general, the administration and management of the Organization.

3. My audit opinion on the statements showing the status of funds advanced to UNIDO by UNDP and UNFPA as at 31 December 1999 has already been forwarded, as requested, to the latter Organizations.

4. My report is presented in a new format. First I comment on the overall financial situation of the Organization, showing both positive and negative aspects (parts II and III). The other parts of the report contain the most important findings of the audit work - including performance audits - where in my view there is room for further improvement and which might be of interest for Member States. As recommendations are based by their nature on criticism, parts IV to VI of the report tend to emphasise the negative aspects. However, this should not be understood as an overall assessment of UNIDO's performance.

II. Implementation of The Regular Budget and Technical Co-operation Delivery

A. Implementation of The Regular Budget

5. The following Table shows the revised appropriations, the total expenditure and the resulting unutilized balances of appropriations (net) at the end of the second year of the biennium for the bienniums 1990-1991 to 1998-1999:

Table 1: Implementation of the Regular Budget - unutilized balances of appropriations
(in thousands of United States dollars)

	Revised appropriations	Total expenditure	Unutilized balances of appropriations	
1990-1991	173,217.2	171,161.5	2,055.7	1.2%
1992-1993	202,500.1	191,416.6	11,083.5	5.5%
1994-1995	231,441.1	204,388.0	27,053.1	11.7%
1996-1997	203,762.2	164,388.7	39,373.5	19.3%
1998-1999	131,780.6	120,841.9	10,938.7	8.3%

Source: Financial Statements, Statement IV

After having reached a peak in the previous biennium, the unutilized balance of appropriations has dropped in the biennium 1998-1999.

6. Whereas the unutilized balance of appropriations (net) at the end of the second year of the biennium has steadily risen from the biennium 1990-1991 to the biennium 1996-1997, it has distinctly dropped in the biennium under review. The decrease of the unutilized balances of appropriations might be interpreted as an indicator to implement the programmes as mandated by the governing bodies. However, Table 1 does not take into account that UNIDO is not authorized to borrow and therefore is bound to work with the cash available. Therefore I have adjusted the revised appropriations by arrears of assessed contributions relating to that biennium. Moreover, I have added assessed contributions received in that biennium but pertaining to previous periods. The resulting modified unutilized balances of appropriations in my view better reflects the cash resources of the Organization available for implementation. Management pointed out that the introduction of new cash flow monitoring and control procedures enabled it to achieve the results.

Table 2: Implementation of the Regular Budget - modified unutilized balances of appropriations
(in thousands of United States dollars)

	Revised appropriations	Adjustments	Available cash	Total expenditure	Unutilized balances of appropriations	
1990-1991	173,217.2	1,524.3	174,741.5	171,161.5	3,580.0	2.0%
1992-1993	202,500.1	-9,340.7	193,159.4	191,416.6	1,742.8	0.9%
1994-1995	231,441.1	-41,676.9	189,764.2	204,388.0	-14,623.8	-7.7%
1996-1997	203,762.2	-18,373.2	185,389.0	164,388.7	21,000.3	11.3%
1998-1999	131,780.6	-4,578.1	127,202.5	120,841.9	6,360.6	5.0%

Source: Financial Statements, Statement IV and Schedule 2.1

Management was more successful in

7. The adjusted unutilized balances of appropriations indicate that in the biennium 1994-1995 the expenditures noticeably exceeded the cash available. This is mainly due to the delay in collection of the contribution from one Member

steering the utilization of the appropriations of the Regular Budget.

State which left the Organization. The biennium 1996-1997 can be characterized by a more restricted spending of the cash available. In the biennium 1998-1999, the adjusted unutilized balance of appropriations decreased by US$ 21.0 million (11.3%) in the previous biennium to US$ 6.4 million (5.0%). This decrease indicates that Management - while carefully monitoring the cash situation - was more successful in steering the utilization of the appropriations of the Regular Budget.

B. Technical Co-operation Delivery

8. The following Table shows the estimated delivery, the total expenditure and the relation between these two figures at the end of the second year of the biennium for the bienniums 1990-1991 to 1998-1999:

Table 3: Technical co-operation delivery
(in thousands of United States dollars)

	1990/91			1992/93		
	Estimated delivery	Total expenditure	%	Estimated delivery	Total expenditure	%
UNDP and interorganization arrangements	166.000	195.508	118%	246.000	130.837	53%
Industrial Development Fund	65.000	62.557	96%	80.000	62.102	78%
Montreal Protocol					764	
Regular Programme	10.393	10.273	99%	12.150	12.134	100%
Trust Funds and others	61.000	63.123	103%	100.000	70.927	71%
Total	302.393	331.461	110%	438.150	276.764	63%

	1994/95			1996/97		
	Estimated delivery	Total expenditure	%	Estimated delivery	Total expenditure	%
UNDP and interorganization arrangements	74.000	70.640	95%	33.000	59.652	181%
Industrial Development Fund	77.000	58.057	75%	60.000	48.078	80%
Montreal Protocol		21.370		110.000	61.054	56%
Regular Programme	13.886	12.549	90%	12.226	10.285	84%
Trust Funds and others	103.500	66.222	64%	39.000	29.264	75%
Total	268.386	228.838	85%	254.226	208.333	82%

	1998/99			2000/01		
	Estimated delivery	Total expenditure	%	Estimated delivery	Total expenditure	%
UNDP and interorganization arrangements	64.800	34.586	53%	31.600		
Industrial Development Fund	55.000	41.372	75%	68.400		
Montreal Protocol	55.000	77.569	141%	63.000		
Regular Programme	7.907	7.513	95%	7.995		
Trust Funds and others	53.000	21.806	41%	55.000		
Total	235.707	182.846	78%	225.995		

Sources: Budget, Financial Statements, Annex II table 1 and 3. The estimated delivery for the Regular Programme of Technical Co-operation was calculated at 6% of the revised appropriations (net).

The rate between the estimated delivery and the total expenditures has continually decreased since the biennium 1994-1995.

9. The interpretation of the figures presented in Table 3 has to take into account that the funds presented therein are - except for the Regular Programme - financed from voluntary contributions. The estimates are not binding for the donors and are therefore very difficult to establish by Management. However, despite the evident difficulties in providing reliable forecasts especially for the bienniums 1990-1991 and 1992-1993, the Table clearly shows a falling rate between the total expenditure and the estimated delivery since the biennium 1994-1995. Moreover, as the total expenditure has decreased since the biennium 1990-1991, this can be interpreted that Management tends to give optimistic estimates and - similarly - that the

willingness of the Member States to provide voluntary contributions is declining. In this light, the estimates for voluntary contributions to the Industrial Development Fund and the Trust Funds in the biennium 2000-2001 again seem to be rather optimistic. **It should be considered whether the implementation of ongoing programmes should be strengthened instead of binding man-power for the development of new integrated programmes.**

10. Management explained that intensive programming efforts in 1998 and 1999 were relaxed later in 1999. Now, approval of Integrated Programmes was made only twice a year and more time was available for the implementation of programmes.

III. Financial Situation

A. General Fund

UNIDO adopted a new method for the establishment of a provision for delays.

11. Following a recommendation of the Consultative Committee on Administrative Questions (Financial and Budgetary Questions) the Organization has adopted a new policy of establishing a provision for delays in the collection of contributions. In order to make the statements of the last two bienniums comparable I have recalculated the figures for the biennium 1996-1997, applying the new method. Moreover, in order to facilitate the comparison with the previous biennium, the accounts of assessed contributions receivable from Member States have been adjusted by the amounts due from a Member State which left the Organization in 1996.

Table 4: Statement of income and expenditure (adjusted)
(in thousands of United States dollars)

	1996-1997	1998-1999	Balance
TOTAL INCOME	203,408.3	161,143.9	-42,264.4
TOTAL EXPENDITURE	191,194.0	151,053.4	-40,140.6
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	**12,214.3**	**10,090.5**	**-2,123.8**
Prior biennium adjustments	-3,790.0	2,115.8	5,905.8
Savings on or cancellation of obligations from prior biennium	3,879.3	1,824.2	-2,055.1
Change of provisions for delays in the collection of contributions	-17,357.0	-8,081.5	9,275.5
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	**-5,053.4**	**5,949.0**	**11,002.4**
Balance of transfers to/from reserves	-6,897.3	-10,264.6	-3,367.3
Credits to Member States	-3,873.6	-621.7	3,251.9
Reserves and fund balances, beginning of biennium	35,222.6	19,398.3	-15,824.3
RESERVES AND FUND BALANCES, END OF BIENNIUM	**19,398.3**	**14,461.0**	**-4,937.3**

Source: Financial Statements, Statement I

The excess of income over expenditure decreased by 17.4%. The reserve and fund balances decreased by 25.5%.

12. The statement of income (Table 4) shows a decrease of total income of US$ 42,264.4 thousand or 20.8%. This results from a reduction of the budget and from restating the appropriations by taking account of the average exchange rate actually experienced during the bienniums. The total expenditures decreased by US$ 40,140.6 thousand, or 21.0%. The total excess of income over expenditure amounted to US$ 10,090.5 thousand in the biennium 1998-1999, which represents a decrease of US$ 2,123.8 thousand or 17.4%. The net excess of income over expenditures has increased by US$ 11,002.4 thousand, which is mainly due to a significant increase in the prior biennium adjustment; a decrease in the savings on or cancellation of obligations from the prior biennium; and a slight increase in provisions for delays in the collection of contributions compared to the previous biennium.

Table 5: Statement of assets and liabilities (adjusted)
(in thousands of United States dollars)

	31/12/1997	31/12/1999	Balance
Assets			
Cash and term deposits	13,509.1	12,900.2	-608.9
Assessed contributions receivable from Member States	39,010.7	43,588.7	4,578.0
Provision for delays in the collection of contributions	-17,357.0	-25,438.5	-8,081.5
Interfund balance & other assets	9,417.3	7,724.6	-1,692.7
Total assets	**44,580.1**	**38,775.0**	**-5,805.1**
Total liabilities	**25,181.8**	**24,366.0**	**-815.8**
Reserves and fund balances			
Other reserves & working capital fund	22,353.2	11,936.0	-10,417.2
Surplus (deficit)	-2,954.9	2,473.0	5,427.9
TOTAL RESERVES AND FUNDS BALANCES	**19,398.3**	**14,409.0**	**-4,989.3**
TOTAL LIABILITIES; RESERVES AND FUND BALANCES	**44,580.1**	**38,775.0**	**-5,805.1**

Source: Financial Statements, Statement II

The surplus has increased.

13. The statement of assets and liabilities (Table 5) shows that the total reserves and fund balances at the end of biennium 1998-1999 decreased by US$ 4,989.3 thousand to US$ 14,409.0 thousand. This is mainly due to the reduction of the separation indemnity reserve through payments of staff separation costs incurred during the biennium 1998-1999 and a surplus of US$ 2,473.0 thousand which is higher by US$ 5,427.9 thousand as compared to the previous biennium.

The assessed contributions

14. The assessed contributions receivable from Member States have increased by US$ 4,578.0 thousand or 11.7% while the provision for delay in

due from Member States have increased by 11.7%. The receivables older than 4 years have increased by 224.9%.

the collection of contributions has decreased by US$ 8,081.5 thousand or 46.6%. An analysis of the ageing of assessed contributions receivable (Table 6) shows that the increase is mainly found in the receivables older than 4 years (+ 224.9%), whereas the receivable older than two years, but younger than 4 years have decreased by 9.0%. Receivables younger than 2 years have even decreased by 16.2%. **The Organization therefore should draw more attention to the older receivables in order to improve the collection rate.**

15. Management commented that a significant part of the receivables older than four years relate to only a few Member States. Several initiatives were launched during the biennium. Unfortunately, they had not yielded any material collections. The Director-General had recently launched another initiative and had made the Assistant Director-General and Chief of Cabinet responsible for following up with Member States in connection with the funds mobilization strategy.

Table 6: Ageing analysis of the assessed contributions
(in thousands of United States dollars)

	31/12/1997	31/12/1999	Difference	
older than 4 years	4,124,093	13,398,381	9,274,288	224.9%
older than 2 years, younger than 4 years	13,232,896	12,040,120	-1,192,776	-9.0%
younger than 2 years	21,653,704	18,150,238	-3,503,466	-16.2%
total	39,010,693	43,588,739	4,578,046	11.7%

Source: Financial Statements, Schedule 2.1

B. Technical Co-operation Funds

16. Table 7 provides an analysis of the development of the funds reserved for technical co-operation activities. As performance indicator I chose the total expenditure per biennium.

Table 7: Technical co-operation activities - total expenditure
(in thousands of United States dollars)

	1990/91	1992/93	1994/95	1996/97	1998/99
UNDP and interorganization arrangements	195,508	130,837	70,640	59,652	34,586
IDF	62,557	62,102	58,057	48,078	41,372
Montreal Protocol		764	21,370	61,054	77,569
Regular Programme	10,273	12,134	12,549	10,285	7,513
Trust Funds and others	63,123	70,927	66,222	29,264	21,806
Total	331,461	276,764	228,838	208,333	182,846

Source: Financial Statements, Annex II table 1

From 1990-1991 to 1998-1999, total technical co-operation delivery has decreased by more than 44%.

17. The decrease of the technical co-operation expenditure is obvious: From the biennium 1990-1991 to the biennium 1998-1999, the decrease is more than 44%. This trend is only moderated by an increase in the implementation of the Montreal Protocol.

18. Management believes that there are some positive indicators for Member States' willingness to fund Integrated Programmes. It underlined that the mobilization of funds for technical co-operation activities is the joint responsibility of the Secretariat and Member States and that the extreme downsizing of UNIDO had reduced the capacity both to mobilize funds and to implement projects.

In the same time period, funding by UNDP has decreased by 82% mainly due to the introduction of national execution,

19. The following remarks relate to the different funds financed by voluntary contributions.

- **UNDP** has traditionally been a major partner and source of funding for UNIDO. With the promotion of national execution by UNDP, this relationship has changed drastically. The funds UNIDO received from UNDP and UNDP trust funds have decreased from US$ 195.5 million in the biennium 1990-1991 to US$ 34.6 million in the biennium 1998-1999. This represents a drop of over 82%. The letter of agreement between UNIDO and UNDP, signed on 31 October 1998, should have marked a new positive signal between the two organizations. However, contrary to all expectations, contributions from UNDP to UNIDO's projects continued to decrease in 1999.

- Trust Funds expenditures dropped by 69%, expenditures in the Industrial Development Fund decreased by 66.1% whereas the Montreal Protocol activities have increased and Regular Programme expenditures have decreased by 73.1%.

- The expenditures financed from **Trust Funds** dropped from US$ 70.927 million in the biennium 1992-1993 to US$ 21.806 million in the biennium 1998-1999. This represents a decrease of 69%.

- The accounting system of the **Industrial Development Fund** and the **Montreal Protocol Fund** was changed from accrual to cash basis as at 1 January 1998 in order to streamline procedures and to make reporting to donors more transparent and user-friendly. Due to this change the financial statements cannot be compared directly with previous bienniums. Nevertheless, I noted that contractual services increased considerably in the last biennium. This is due to an increase of the implementation rate of Montreal Protocol projects in the biennium 1998-1999 and to the fact that the contractual services represent a substantial part of the expenditures.

- The decrease of the **Regular Programme of Technical Co-operation** by 73.1% as compared to the biennium 1990-1991 is due to the reduction of the Regular Budget.

C. Special Account for Programme Support

20. The special account for programme support contains the reimbursement of the costs for programme support and administrative services for the preparation and implementation of projects and other activities which are provided by the various units of UNIDO. The following Table shows the development of the special account for programme support:

Table 8: Special account for programme support
(in United States dollars)

	1990/1991	1992/1993	1994/1995	1996/1997	1998/1999
Income	40,283,700	32,420,870	26,639,864	25,342,579	21,782,925
Expenditure	41,727,085	40,293,157	24,955,000	25,054,337	24,391,733
Net excess of income over expenditure	-1,443,385	-7,872,287	1,684,864	288,242	-2,608,808
Fund balance brought forward	5,902,312	4,225,049	-3,647,238	3,541,816	4,225,261
Transfer to reserves	-378,465	0	0	0	0
Transfer from reserves	144,587	0	5,504,190	395,203	0
Net excess of income over expenditure	-1,443,385	-7,872,287	1,684,864	288,242	-2,608,808
Fund balance	4,225,049	-3,647,238	3,541,816	4,225,261	1,616,453

Sources: Financial Statements, Statement VI (1990-1993) and note 3 (1994-1999)

The Special Account for Programme Support has reached a dangerously low level.

21. Table 8 shows that the Special Account for Programme Support has reached a dangerously low level. If the net excess of expenditure over income in the biennium 2000-2001 reaches the same level as in the previous biennium, the Operating Reserve will be completely exhausted before the end of the biennium. This development is due to the decline in voluntary contributions.

22. Management replied that they were well aware of the problems and that all possible actions were taken to bring the reserve to its approved level of US$ 4.3 million. Due to such actions, the reserve balance had been raised to US$ 2.0 million by the end of April 2000.

D. Liquidity

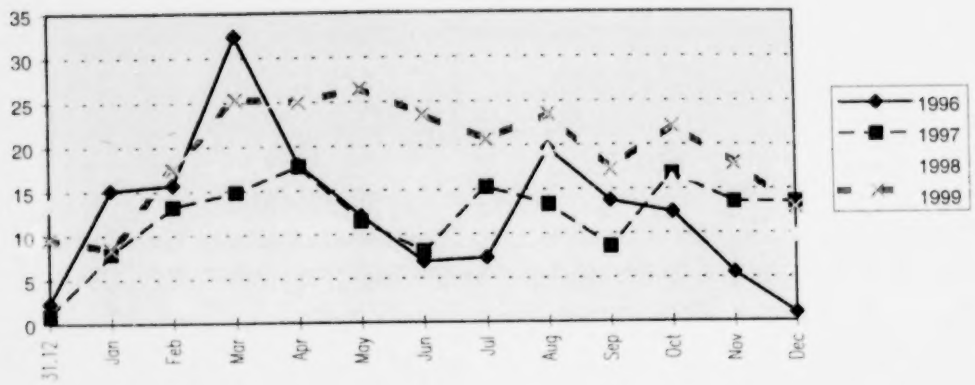
UNIDO's financial situation has become more stable in the biennium 1998-1999.

23. Over the past years UNIDO faced severe liquidity problems in the General Fund. Due to considerable arrears in the payment of assessed contributions, UNIDO's liquidity was critical several times. As at 31 December 1999 assessed contributions due from Member States totalled US$ 104 million. Management had reacted to this situation by a continuous staff reduction and a cut in all expenditures to a level of up to 60%. These measures helped to overcome the financial crisis. Now that the downsizing exercise can be considered as completed, UNIDO's financial situation has become more stable. However, further savings and budget reductions might jeopardize the fulfilment of the Organization's mandate.

Closing cash was at a considerably higher level.

24. As at 31 December 1999, total liquid cash amounted to US$ 12.9 million. Additionally, the forecast for the year 2000 does not reveal any cash deficiencies, provided that assessed contributions will be paid when due. Closing cash was at a considerably higher level than in the years before. The average of monthly cash balances in 1999 was US$ 20 million compared to US$ 13.3 million in 1996, US$ 12.8 million in 1997 and US$ 19.1 million in 1998.

Table 9: Cash Flow 1996-1999
(in millions of United States dollars)



Source: Monthly cash balances from the Treasury

UNIDO still needs a reliable and timely inflow of assessed contributions.

25 However, it should be kept in mind that this amount includes the Working Capital Fund (US$ 6.610 million) which should permanently be available to react upon unforeseen emergency cases. Therefore, UNIDO still needs a reliable and timely inflow of assessed contributions to meet expenditures. Finally, US$ 11.5 million out of the total liquid cash of US$ 12.9 million, are already earmarked for expected expenditures as unliquidated obligations. However, a certain amount of unpaid assessed contributions for prior years will still be paid in 2000. Based on previous experience of the last years, this amount can be estimated at about US$ 6 million.

26. Management stressed that - should major contributions not be forthcoming soon - UNIDO will face serious cash problems in the near future.

IV. Budgeting, Accounting and Financial Reporting Procedures

A. Financial Accounting System

<u>The relationship between the general ledger trial balance and the financial statements</u>

It is not possible to deduce the financial statements only with the trial balance.

27. The general ledger trial balance contains the balances of the accounts as at 31 December 1999. However, it is not possible to draw up the annual statement of accounts by using the figures given in the general ledger trial balance for two reasons:

- Some of the accounts' balances do not enter straight into the statement of assets, liabilities, and reserves and fund balances or into the statement of income and expenditure, respectively.
- Some figures of the financial statements are not derived from the general ledger trial balance, but from other sources, e.g. the status of allotments or a table attached to the annual statement of accounts.

Standard accounting provides systems which are less susceptible to mistakes.

28. In a standard accounting system, the figures of the annual statement of accounts ensue logically from the general ledger trial balance since the accounting procedures and the financial statements are based on the same methodology. Both form a closed booking circle which not only provides the basis for computerization, but also ensures that no item belonging to it is omitted and that no item not belonging to it is added. Such a system is less susceptible to mistakes and easier to follow up than the UNIDO system.

Grouping of accounts

The number of an account does not always reveal which financial statement is affected.

29. The accounts shown in the general ledger trial balance are divided into groups by an alphanumerical code. In principle, the code consists of two letters indicating the fund concerned and seven numerical characters. Accounts belonging to the same group and of the same ranking have the first two or three digits in common. As the financial audit revealed, it is not always possible to know by the number of an account whether its balance affects the statement of assets, liabilities, and reserves and fund balances or the statement of income and expenditure. Furthermore, the title of the accounts is sometimes misleading.

Standard accounting provides better classified charts of accounts.

30. In standard accounting, the accounts are classified into certain clusters by a chart of accounts. Due to this classification, it is possible to know from the first character of the account code whether the entry leads to an increase or decrease of an asset, a liability, an expenditure or an income.

Interfund balances

UNIDO treats the interfund balances not as a residual amount, but as account receivable or account payable.

31. The balances of all accounts shown in the general ledger trial balance is netted off by a residual amount entitled "interfund balance". If the amount is positive, it goes into the statement of assets, liabilities and reserves and funds balances as an account payable. If it is negative, it goes into the accounts receivable. As the name "interfund balance" indicates, this item shows to what extent one fund has received or rendered services not yet paid for by or to another fund. In UNIDO's annual statement of accounts the interfund balance is not treated as a residual amount, but as a usual account receivable or account payable, respectively. The residual amount of the statement of income and expenditure is called "excess of income over expenditure". It becomes part of the "surplus" or the "balance relating to projects funded by donors".

UNIDO's accounting system is not able to expose mistakes automatically.

32. In standard accounting, there is only one balance of all accounts. This balance arising as "profit" or "loss" in the statement of income and expenditure is transferred to the equity items of the balance sheet, where its function is to equalize the sums of both sides. If the profit or loss is not able to equalize both sides of the balance sheet, there is a mistake in the entries which has to be remedied. As UNIDO's accounting system uses several balances, it is not able to expose mistakes just by the accounting procedures.

Recommendation

33. **I therefore recommended to install a standard accounting system**

- **with a closed booking circle,**
- **with a clearly and systematically classified chart of accounts and**
- **with one balance of all accounts in order to use the advantages of an inherent check of mistakes. In such a system, the amount of an interfund balance like the amount of each account payable or receivable should be proved by vouchers.**

Management awaits the introduction of a new accounting system.

34. Management replied that the problems relating to UNIDO's Financial Accounting System are accepted as symptomatic of a system that no longer meets the needs of the Organization. Management informed me that my recommendations would largely be implemented with the introduction of a new industry standard accounting system.

B. Conversion of Currencies

My team reviewed the conversion of foreign currencies into the reporting currency.

35. In the course of auditing the fiscal period 1998-1999 my team reviewed the principles of converting foreign currencies into the reporting currency, as well as the effects of changes in exchange rates. In detail they looked at different items of the statement of income and expenditure and changes in reserves and fund balances (statement I) and the statement of assets, liabilities, and reserves and fund balances (statement II). In particular they wanted to know whether currency conversion methods and the choice of exchange rates were systematically applied to the assets as well as to the liabilities and to income, as well as to the expenditures.

The conversion of foreign currencies into the reporting currency has a material effect on the financial statements.

36. Since 82% of expenditures are in Austrian schillings, the conversion of these amounts to US dollars has a material effect on financial information. Fundamental for the conversion of foreign currencies is the differentiation between exchange gains or losses which have been realized and mere booking gains or losses. Most of the gains or losses on exchange shown in the statement of income are neither realized results, nor will they ever be realized. They cannot be considered as actual cash flow as most of the gains or losses do not arise from transactions in which one currency is materially converted to a different currency but arise artificially purely due to the fact that the reporting currency is the United States dollar.

Booking gains or losses should not be included in the surplus to be surrendered to Member States.

37. How "exchange differences" have to be dealt with can be deduced from the purposes of the financial statements. The Financial Statements of UNIDO fulfil two purposes: Firstly they are necessary for the accountability of Management to the Governing Bodies. Secondly they are necessary for the calculation of the surplus to be surrendered to the Member States. This surplus is calculated by deducting the actual expenses from the appropriations (Financial Regulation 4.2 (b)). However, it would make no sense to surrender "booking gains" to Member States which UNIDO has never realized. Nor would it make sense to deduct from the surplus to be surrendered to the Member States "booking losses" which have never materialised.

Not realized transaction differences should be eliminated at year's end.

38. "Transaction differences" result from transactions in currencies other than the currency of the accounting system, which are not paid immediately. They are due to exchange differences at the time of the conclusion of the contract and the time of payment. A special case of transaction differences represents the accounting for assessed contributions. They are booked at the beginning of each year at the budget rate. Because the contributions received during the financial period, or afterwards, are recorded at the current rate, exchange gains or losses necessarily occur. As these gains or losses are only due to differences between the budget rate and the actual rate, they never materialise. **Not realized transaction differences therefore should be eliminated at year's end.**

Revaluation gains or losses

39. Booking exchange gains or losses may also be caused by revaluation of the items of the balance sheet in foreign currencies. These revaluations are

incurred during the year should be eliminated at the end of the financial period.

necessary in order to make these positions comparable to the other items in the financial statements. However, **revaluations during the year** - e.g. for purposes of internal control - **should not be included in the financial statements as at year end**, because they do not represent an equivalent in cash. If they are necessary during the year, they have to be eliminated at the end of the financial period.

Mere booking gains or losses should be disclosed separately.

40. As the mere booking gains or losses caused by the fluctuations of the exchange rate are not an indicator for the performance of Management and they do not represent an equivalent in cash, they should be disclosed separately. Moreover, the question arises whether these differences should be included in the surplus to be surrendered to Member States. Financial Regulations 4.2 (b) and (c) refer to the unencumbered, respectively the unutilized balance of appropriations. These regulations do not differentiate between realized and mere booking gains or losses. However, in our view, **the booking gains or losses should not be included in the calculation of the surplus to be surrendered to Member States**, because they do not represent an equivalent in cash.

The Secretariat points to the introduction of the euro as reporting currency.

41. In 1999, the Secretariat, being aware of these problems, proposed to its Member States to consider the euro as a single currency system of budgeting, assessment, accounting and reporting. In December 1999, the General Conference adopted the proposal of the Secretariat and approved the necessary amendments to the financial and staff regulations. Furthermore, the General Conference authorized the establishment of a special reserve to protect the Organization from real losses caused by currency fluctuations. Management agreed to critically review the principles of accounting and reporting of currency transactions and balances in the course of the implementation of the new accounting system.

The introduction of the euro decreases the problems of inaccuracy but does not solve them.

42. I would like to point out that the introduction of a single currency system based on the euro does not automatically solve all the problems of inaccuracy in accounting currency transactions and balances, although their significance is most likely to decrease. I will keep the issue under review.

C. Write-off of Irrecoverable Receivables

UNIDO for the first time initiated a write-off.

43. In 1999, UNIDO, for the first time in its existence as an independent agency, decided to undertake a write-off. Among the accounts receivable assigned for writing off in 1999, there were 15 items concerning personnel, e.g. the repayment of overpaid travel claims and daily subsistence allowances, the refund of advance payments for services not rendered, or the reimbursement of removal and storage costs beyond entitlement. One of the 15 items was a travel refund claim against UNDP while the others addressed various (former) staff members and consultants.

The outstanding payments concerning personnel were up to 9 years old.

44. Reminders were written in all 14 cases where (former) staff members and consultants owed money to the Organization. In 11 of 14 cases the first reminder was not sent earlier than one or two years after the invoice was issued. The intervals between the first, second, and third reminder covered periods from two months up to four years. In consequence, 9 from 14 outstanding payments were between 5 and 9 years old.

UNIDO announced drastic measures but did not realize them.

45. In some reminders UNIDO announced that it would "refer the matter to the Personnel Recruitment and Administration Service for appropriate recording and future reference in the event of a considered re-employment", to "initiate necessary measures, in co-ordination with other UN offices and agencies, that may ensure the recovery of its funds" or to "take legal action" until the outstanding amount is paid. According to the available documents UNIDO did not realize any of the steps announced. Even in one case where a former consultant had sent an uncovered cheque with an irregular signature, UNIDO did not take legal action.

The follow-up of accounts receivable should be standardized.

46. I am of the opinion that **Management should develop procedures to standardize the follow-up of accounts receivable and to decrease the administrative work connected with it**. Numbers and intervals of reminders should be fixed so that UNIDO is allowed to collect its payments in due course. In cases where reminders do not succeed I would recommend to consider which debt-collecting measures could be taken. Depending on the outstanding amount, the debtor's residence and other criteria, different measures may be appropriate. These measures should be laid down and applied consistently.

Management referred to the introduction of new follow-up procedures.

47. Management replied that the responsibility for a systematic follow-up of receivables would be assigned to focal points. Management also planned to establish standardized procedures for appropriate follow-up actions to be taken. Meanwhile, Management confirmed that Financial Services would implement the new procedures.

D. After-Service Health Insurance

UNIDO has established a social security scheme covering after-service health insurance (ASHI).

48. According to UNIDO's Staff Regulation 8.2, the Director-General shall establish a scheme of social security for staff, including *inter alia* provisions for health insurance. Such a scheme has been established by the Organization for eligible active staff, as well as former staff and their surviving dependants who meet certain criteria. The premiums are shared between the employees and the Organization. Since 1 January 1986, approximately 500 retirees have become eligible in one of the four available after-service health insurance schemes and are therefore entitled to subsidized health insurance premiums for their lifetime and for the lifetime of their eligible survivors.

UNIDO charges ASHI on a pay-as-you-go basis and did not build up a reserve. It has no reliable information on the exact amount of the liability.

49. UNIDO charges after-service health insurance (ASHI) subsidies on a "pay-as-you-go" basis, i.e. against common staff costs of the regular budget. Accordingly, UNIDO did not build up a reserve for present and future liabilities. The annual amount paid by UNIDO for ASHI for the biennium 1998-1999 amounted to US$ 1,579,935. In the notes to the financial statements, UNIDO shows an overall estimate of unfunded liabilities which would only arise in case of closure of UNIDO and which also covers - apart from one-time payments for termination indemnities, repatriation grants, etc. - an estimated amount for ASHI subsidies. However, UNIDO has no reliable information on the exact amount involved. In any case, with the numbers of retirees increasing in the coming years - a total of 79 persons are eligible for retirement within the next two bienniums - the costs might increase considerably.

The problem of establishing a liability for ASHI is of

50. The problem is of UN-wide importance. The current UN accounting standards stipulate the reporting of liabilities for post-retirement benefits in existence at the end of a fiscal period (para. 57 United Nations System Accounting Standards). Although most of the UN organizations do not disclose

UN-wide importance.

such a liability, FAO at the end of 1995 commissioned an actuarial study to determine its liability for after-service medical costs. The study showed that FAO's liability amounts to US$ 212 million, of which approximately half was attributable to retired participants and half to the accrued entitlements of active staff members. The liability was unrecorded and unfunded.

In my view an actuarial study is necessary to determine the financial impact of ASHI.

51. In my view, the most urgent question is the determination of the financial impact of the liabilities for the after-service health insurance. As the example of FAO shows, the amount necessary can be of such a magnitude that the implementation of the regular budget could be impaired. Therefore, an actuarial study will be unavoidable in the long run. The need for such a study has also been recognised by the UN.[1] Moreover, only if the financial impact of ASHI is known, can further steps be considered: If the outcome shows that a reserve is necessary, it is up to the Member States to decide whether they will vote for a funding of ASHI or whether they will accept the current accounting method for the ASHI on the pay-as-you-go method, although this approach might imply a high risk for the future.

Management referred to a session of the Consultative Committee on Administrative Questions in August 2000

52. Management agreed that UNIDO's current practice of "pay-as-you-go" should be revised and that a long-term solution should be found to address this issue. It pointed out that the Consultative Committee on Administrative Questions (Financial and Budgetary Questions, CCAQ(FB)) will discuss the subject at its 91st session in August 2000 and will attempt to address the long-term implications and impact of the growth to the cost of ASHI benefits and the method and valuation of the liability relating to those benefits on a system-wide basis. Currently-available resources in the Secretariat were so low that the most practical approach was to wait for the outcome of the discussion of CCAQ(FB). The only way of funding ASHI would be to assess the amount on Member States which under the present environment may be difficult.

The problem should be solved soon after the session of the CCAQ (FB)

53. I share Management's view. However, in my opinion Management should not wait longer than the 91st session of the CCAQ(FB). The financial implications of the ASHI could be of such a magnitude that they should no longer be postponed. **If CCAQ(FB) does not reach a decision, I recommend to apply the principles developed in private sector accounting. A prerequisite for the Governing Bodies' decision about the funding of ASHI liabilities is a sound information about the amount involved.**

E. Staffing of the Accounts, Payments and Treasury Section with Professional Staff

54. The following Table provides an analysis of the staffing situation in the Accounts, Payments and Treasury Section (FOA/FPC/APT) as compared to the Budget and Funds Management Section (FOA/FPC/BFM), to the Staff Planning and Development Section (FOA/HRM/SPD) and to the Entitlements and Social Security Section (FOA/HRM/ESS).

[1] ACC/1999/FB/R.21 dated 6 August 1999.

Table 10: Staffing table

	Personnel total	Professionals (D1, P5-P3)	Percentage
FOA/HRM/SPD	7.0	3.0	42.9
FOA/HRM/ESS	11.0	3.0	27.3
FOA/FPC/BFM	17.5	6.0	34.3
FOA/FPC/APT	31.5	2.0	6.3

Source: Director General's Bulletin UNIDO/DGB(O).86

The proportion of the Professional staff in the Accounts, Payments and Treasury Section is low.

55. The Table shows that the proportion of the Professional staff in the Accounts, Payments and Treasury Section was currently well below the average. When my staff brought this concern to the attention of the Managing Director, Field Operations and Administration Division, in autumn 1998 and suggested looking for a replacement of the deputy in the Accounts and Payments Unit well in advance, we were reassured that appropriate action would be initiated. However, in spring 1999 we were informed that the contract of the Chief, Accounts and Payments Section, would be terminated "in the interest of the Organization" and that there would be no replacement. Furthermore, no attempts were made to find an appropriate deputy.

The present tasks in the Accounts, Payments and Treasury Section require more Professional staff.

56. I do not have any reason to question the qualifications and capacities of the present Chief of the Accounts, Payments and Treasury Section as an experienced Professional. However, apart from the supervision and maintenance of the accounting system and the transactions in the Treasury, conceptual work has to be accomplished in a time with a lot of changes. Moreover, the elaboration of a new accounting system is an urgent task which implies a considerable workload. I do not believe that all these duties can permanently be fulfilled in a satisfactory way by one Professional. Moreover, the development of the new accounting system may suffer because it lacks the necessary Professional support. I consider the present staffing situation in the Accounts, Payments and Treasury Section as a weakness in the internal control system.

Management announced several measures.

57. In response to the audit observation of my team, Management announced several measures: First, the post of the Finance Officer was being advertised externally; a qualified individual should be on-board before the end of the first quarter of 2000. Secondly, an associate expert should be provided by a donor country to ease the Professional work pressure for early 2000. Thirdly, the former Chief, Accounts and Payments Section, should be engaged under a Special Service Agreement to assist in the closure of the accounts and to prepare detailed documentation for the preparation of the financial statements.

None of the measures led to a visible result.

58. I do appreciate the steps taken by Management. However, I noted with concern that - apart from the engagement of the former Chief, Accounts and Payments Section, for the closure of the accounts - none of the other announced measures led to any result by the end of the audit of my team in mid-April. Management explained that in May 2000, both Financial Performance Control Branch and Human Resources Management have been re-organized Professionals now account for 29% of total staff in the Human Resource Management Branch and for 13% in the Financial Performance Control Branch. Moreover, Management is of the opinion that the ratio between Professional and General Service staff is misleading.

59. I agree that in general the ratio between the Professional and General Service staff can be misleading. However, in this specific case, this ratio can be seen as an indicator for insufficient staffing in the light of the introduction of a new financial accounting system and the euro. Moreover, I am of the opinion that the mere merger of branches does not automatically meet the need for accountants on the Professional level. Finally, Management admitted that the reason for the re-engagement of the former Chief, Accounts and Payments Section, was a lack of Professional staff. **I recommend to fill the vacant posts of Finance Officers as soon as possible in order to strengthen the conceptual work capacities.**

V. Technical Co-operation Activities

60. In autumn 1998, my team reviewed some projects in China and India. Most of the projects were close to completion. Although some projects were completed successfully, there is room for further improvements.

A. Project Design, Projection of Economic Results

Capacity-building projects require an analysis of the market.

61. The purpose of some projects was to build up capacity in Government subsidized institutions (immediate recipients) in order to disseminate new technology and know-how to private industry units (indirect target beneficiaries). The extent to which the second step is successful depends on the correct assessment of the constraints faced by those clients. Especially if the market concerned is not easy to understand, a market analysis which also comprises an estimation of the production costs and the attainable profits is required. Only by comparing the costs with the possible proceeds is it possible to conclude if the products can be sold successfully either on national or international markets.

In some projects a thorough survey was not conducted before project approval.

62. However, in some projects a thorough base-line survey at that level was not conducted before project approval. Neither the number of the potential clients, nor their financial situation, the equipment used and its standard, the number of employees, the distribution channels, the market access, the quality of products, the lifespan of products, the consumer orientation, the actual performance were studied and elaborated. In most cases, the project document reflected only a general theoretical relevance of the project for the country development objectives (e.g. to improve productivity and economic viability).

One example is the project to construct a shallow draft coal carrier.

63. The immediate objective of one project was to enhance China's design and manufacturing capabilities in shipbuilding up to a point where an advanced shallow draft coal carrier of 35,000 d.w.t. could be built to transport coal from the coal deposits in Shanxi province and Inner Mongolia to the emerging industries in the coastal cities of southern China. The project document estimated a demand of over 30 ships. However, so far only 6 ships of this design have been realized and no new orders have been recorded. In June 1997 the report of the evaluation mission states: "Moreover, it is the impression that private enterprise vessels are operated more profitably than the 35,000 d.w.t. Shallow Draft Coal Carrier."[2] At the end of 1997 an international Marketing Expert conducted a Study of the Market. He concluded first that at that time there was

[2] UNDP, China, Improving the Design and Construction Technology for Energy Source Transportation Vessels, DG/CPR/91/273, Report of the Evaluation Mission, June 1997, page 13.

an oversupply in the shipping of coal and second that a shallow draft coal carrier of 35,000 d.w.t. at the presently obtainable rate was not able to generate a positive result after tax.

Objectives-oriented project planning is lacking.

64. This assessment shows a lack of objectives-oriented project planning. Main inputs were provided on assumptions, not on reliable assessed needs. The immediate recipients had to look for clients after implementation started without having a reliable database (which is still not available), the number of persons to be trained during implementation phase remained far below estimations, the technical equipment proved to be inadequate for the actual situation. The market study and calculation of the cash flows showed that the products envisaged could probably not be sold. This conclusion is reinforced by the fact that no new ships were ordered.

65. Management pointed out that this was the first UNIDO project implemented under the new UNDP framework of government execution. The issue of the need was in particular reviewed and the stakeholders at that time representing the demand side were confident. In the meantime the economical situation in China changed dramatically. Taking into account the changing economic environment during the implementation, amendments to the project document were made at the annual review meetings. When the Government was no longer in a position to provide the necessary funds to build the envisaged number of bulk carriers and as potential foreign investors could not be found, a market study was recommended.

The necessary study was conducted, but too late.

66. My team noted that a market study had been conducted. However, this study was initiated six years after the beginning of the project and only after the evaluation section had expressed serious doubts about the results of the project. In my view, this study was conducted too late to influence the outcome of the project. Market analysis should be conducted at an early stage of the projects.

B. Changing Environment

In the planned economy, it was assumed that recipients of new technology would distribute their knowledge free of charge. This assumption cannot be translated directly to capitalist economies.

67. Many of the institution-building projects implemented in China and India were based on the assumption that the dissemination of results can be guaranteed by strengthening a research and development institute which holds a high rank in the hierarchy of the Administration. The rationale of this approach consists of assuming that the recipients of the new technology will provide for the dissemination of results by distributing the newly acquired knowledge and experiences to all the companies in the hierarchy as well as to the private sector. As these institutes were fully financed by the Government, they were supposed to provide the new knowledge free of charge. This strategy had been appropriate during the "planned economy", but it did not work any longer in the "socialist market economy". In the socialist market economy, which started to develop at the end of the eighties, the states no longer provided the full financing of the research and development institutes. Instead, the institutes were required to contribute to their financing by selling their products. However, the selling of the new techniques inevitably diminished the dissemination of the project results.

68. In the project mentioned above, the immediate beneficiaries were shipbuilding institutes. They were expected to pass down the new technologies to Chinese shipyards. However, the report of the evaluation mission, dated

June 1997, states: "Dissemination of the results to potential beneficiaries has not been achieved at all. ... As long as technology transfer from the ... recipients to other shipbuilding agencies and yards will be postponed, the sector will not be able to contribute to the development objective and the impact of the project on the sector is mainly a distortion of competition."[3] A similar statement can be found in the Terminal Evaluation of UNDP China Programme: "It should be recognised that the PRC government cannot require enterprises to share their newly acquired technology with their competitors in a market economy."[4]

The blueprints of the projects should have been reviewed whether they were still appropriate.

69. Evaluation reports on projects in China as well as in India concluded - however not providing many arguments in favour of this - that the project concepts were still valid and no major adjustments were required. In my view the transition process raises different needs as compared to the former economic system. The blueprints should have been more closely checked whether they are still appropriate in the emerging market economy context. Let alone that through this change of economic environment, beneficiaries had an easier access to internationally available technology, in a market economy there is little justification for pilot or demonstration plants, as there are many more efficient private sector mechanisms for technology transfer. By providing one institute or enterprise with advanced technology equipment and training free of charge, competition and pricing is distorted, and the establishment of new private sector enterprises may even be discouraged.

70. According to Management, the project was revised whenever necessary. As the number of ships is gradually growing, the development goal of the project is assumed to be achieved even if it might take longer than expected. Because the second phase of the project has not taken place, no future intervention from UNIDO's side was possible any more.

If project assumptions are no longer valid, the project should be put on the agenda again.

71. In my opinion, **the project preconditions should be supervised carefully. If it turns out that the assumptions underlying the projects are completely or partially no longer valid, the effects of the altered environment for the projects should be examined carefully and the projects should, where appropriate, be put on the agenda again.** Especially tripartite reviews should be used to make decisions about whether the achievement of planned outputs is still appropriate given changing circumstances in the country. In this context it would also be possible to incorporate the significant change of development approach as identified in the fifth programming cycle of UNDP, setting priorities *inter alia* in poverty alleviation, human development and grassroots participation, environment and national resources management as well as women in development.

VI. Administrative Issues

A. Management Information System

Despite some deficiencies UNIDO still uses

72. UNIDO still uses the mainframe-based electronic data processing system of the International Atomic Energy Agency against payment of about US$ 1.7 million for the biennium 1998-1999. I noted that both Management and

[3] UNDP, China, Improving the Design and Construction Technology for Energy Source Transportation Vessels, DG/CPR/91/273, Report of the Evaluation Mission, June 1997, page 12.
[4] Machine Tool Industry Technological Renovation Programme, CPR/91/320, Terminal Evaluation of UNDP China Programme, dated July 1997, page 5.

the old edp-system of IAEA.

staff members complained about the existing accounting system, Management because of outdated information and staff members because of repeated data entries, complicated and time-consuming procedures.

Major issues of edp equipment and software

73. In the last biennium UNIDO was at a crucial point with a view to a cost-conscious replacement of electronic data processing equipment and software. Two major issues had to be considered:

- improvements or replacement of the existing batch-file accounting system in order to enable Management to receive timely and accurate information
- solution of the year 2000 problem.

Improvements of Computer Applications

A working group made some useful recommen-dations.

74. The deficiencies in the edp system led to Management's initiative to implement a "Cross-Organizational Team on Management Information Services" (COT), aiming at an analysis of the problems and making proposals for their solution. In April 1998 the COT report gave a number of useful recommendations to improve the existing system with a precise time-table. However, no decision was made for several months, Management Information Service was never sufficiently staffed and was finally abolished as a separate unit. The completion dates for financial issues outlined in the COT report partly went by without any visible results.

IAEA had already decided to replace its edp system.

75. At the same time my staff found out that IAEA had decided in December 1997 to replace its accounting system, mainly because it was not able to cope with dates in the new millennium. A contract with the supplier had been drawn up. The target date for implementation was 1 January 2000. The supplier offered a software package of international administrative programs. It consisted of a number of closely-integrated program modules which together provide a complete system for accounting, financial control, project management, logistics, payroll and personnel administration, of which IAEA purchased some modules.

In autumn 1998, my team recom-mended to take up discussions with IAEA.

76. In 1998 four organizations within the VIC worked separately on improvements of their computerized systems. CTBTO, IAEA, UNOV and UNIDO tried to resolve similar problems. In autumn 1998, my team had recommended to take up discussions with IAEA and to find out whether a close co-operation between the two organizations could be a possibility to find economic solutions for the problems on both sides. In that context Management should not only consider adapting a program to the needs of UNIDO, but also adapting - wherever possible - UNIDO's accounting procedures and Rules or even its Financial Regulations to the features of the program.

However, nothing had happened as of Easter 1999.

77. However, I noted that as of Easter 1999 UNIDO had not taken up the recommendation of my staff from October 1998 simply to get in touch with IAEA in order to see whether the Organization could profit from possible progress made there. In March 2000 only, UNIDO had decided to engage the same supplier as IAEA. Compared to the costs of consultancies and own staff UNIDO had incurred in the past, especially to solve the year 2000 problem (US$ 750,000), the price was relatively low (US$ 1 million). It is expected that the accounting system will work by the end of the year 2000, so that the opening entries for 2001 can be made in the new on-line programme.

Delays causing additional costs

Because of the delays, the year 2000 problem had to be solved for all applications on the mainframe. The funds needed for solving the year 2000 problem partly could have been saved.

78. Unfortunately, too much time had passed without any visible action for a real cost-conscious solution of UNIDO's edp problems. That would have been to buy and implement an off-the-shelf programme well in advance to the year 2000, at latest immediately after the results of the COT were reported. Because of the delay in proceeding with the purchase of a new software package, the year 2000 problem had to be solved for all UNIDO applications on the mainframe in spite of the intended purchase of a programme immediately after the millennium.

79. Management believes to have chosen a prudent and successful approach for several reasons, *inter alia* necessary funds and hardware were not available in 1998, a number of actions had to be taken to award a contract following international competitive bidding to maintain transparency and accountability, and time was needed to make a better informed decision. "Had UNIDO rushed into a purchase of software in March 1998, the result could have been disastrous, given the circumstances at that time."

80. I am still convinced that earlier action would have led to savings. Neither the year 2000 problem nor commercial accounting systems were new. UNIDO had plenty of time to prepare a well-informed decision and to ensure accountability and transparency. Last but not least, I am pleased to be informed that the introduction of the new system is proceeding well and that UNIDO now benefits from the experience of IAEA.

B. Reconstruction of Gate 1 of The Vienna International Centre

UNIDO contributed US$ 250,000 to reconstruct Gate 1.

81. In 1998 Gate 1 of the Vienna International Centre (VIC) was modified and extended to include a book and souvenir shop. The overall costs of the project amount to ATS 10,132,500. UNIDO contributed to the reconstruction according to the respective cost-sharing rate for Buildings Management Services. In total, UNIDO's budget was charged with an amount of about US$ 250,000.

IAEA declined to take part in the reconstruction of Gate 1.

82. IAEA had declined to take part in the sharing of the costs of the reconstruction of Gate 1, because three years ago the Government of Austria had offered to build a visitors' centre at the same location where the new building is located. The Member States of the VIC-based organizations had at that time rejected the project because they wanted the participating organizations to avoid bearing additional operating costs for the centre. Therefore the proposal of the Government of Austria had not been realized.

Planning

According to the concept, some shops should have been established in Gate 1.

83. According to the concept of UNOV and UNIDO dated 13 May 1997, which was the basis of the project, mainly a book and souvenir shop were to be established in the planned new building. The main goal of this operation was to portray and promote the image of the United Nations and its specialized agencies, as well as their activities through the sale of publications and related souvenirs. The newly constructed building was to be a visual link between the

Austrian public and international environment. Furthermore a UNPA and UNICEF counter, as well as a coffee shop, were to be incorporated.

However, the concept was never realized.

84. The present use of Gate 1 is different to the concept. The planned bookshop has not been realized. The ORF-shop, which was established instead, did not fulfil the purposes of a book and souvenir shop as UNOV and UNIDO had described in the concept.

Financing

UNIDO charged its costs to the allotment "Acquisition of Furniture and Equipment".

85. UNIDO's own share of the extension of Gate 1 was charged to the allotment account "Acquisition of Furniture and Equipment" of the budget 1996-1997, because a sufficient amount remained. The respective unliquidated obligation had been established in 1997 on the basis of a rough estimate.

This object of expenditure was not established for that purpose.

86. I have to point out that UNIDO has charged its share to an object of expenditure which was not established for this purpose. Expenditures of the Regular Budget are financed from assessed contributions payable by Member States. As Member States were not informed of UNIDO's part in Gate 1 and as they have not agreed to spend additional funds, UNIDO was not authorised to spend money on this project. Moreover, the expenditures for Gate 1 do not relate to the biennium 1996-1997, because the contract was signed in 1998. As the costs were charged against the budget 1996-1997, the surplus to be surrendered to the Member States was reduced accordingly (Financial Regulation 4.2).

Administration referred to the approved budgets for 1996-1997 and 1998-1999.

87. Administration replied that UNIDO funds were not only used for the book and souvenir shop but also for the cost-shared extension project related to the UN security and safety service to the benefit of the whole VIC. The original concept relating to UNIDO's publications had not materialized. The budget submissions of Buildings Management for the bienniums 1996-1997 and 1998-1999 included the provision for modification of Gate 1. By approving the proposed programme and budgets for the biennium 1996-1997, Member States approved the project. Object of expenditure "Acquisition of Furniture and Equipment" had been used as in the case of the initial investment from UN New York for installations and modifications of the VIC for items not provided by the Austrian Government.

Before the reconstruction of Gate 1, the Member States should have been asked explicitly.

88. In my view, Gate 1 was reconstructed before binding agreements between the VIC-based organizations about the concept and financing of the project were concluded. Moreover, the Member States of UNIDO should have been informed in detail about the project and should have been given the explicit opportunity to decide about it. To charge costs to an object of expenditure code "Acquisition of Furniture and Equipment" does not meet that requirement. In spring 2000, UNIDO decided to withdraw from the Gate 1 project completely on a number of grounds, such as the fact that the project does not fall under UNIDO's mandate of activities. I consider - in the situation given - that the total withdrawal from the engagement is in the best interest of UNIDO. **I recommend that UNIDO - on the basis of sound planning - concludes binding contracts with other VIC-based organizations before beginning common projects.**

C. Unsettled Charges for Computer Services Rendered by UNIDO to UNDCP

UNOV declined to pay for computer services rendered by UNIDO to UNDCP.

89. Since 1995 UNIDO has rendered computer services to UNOV and UNDCP. In January 1996 the Accounts and Payments Unit debited UNOV with charges for usage of the computer and printing paper costs for 1995 amounting to US$ 185,456.34. These charges were rejected by the Electronics Support Service of UNOV in February 1996 due to the method of calculation (i.e. the percentages used) and because there was no distinction between usage for purely UNOV systems and those relating to work for UNDCP. According to UNOV's request UNIDO recalculated the CPU usage and printing paper costs and charged UNOV with US$ 163,806.29 and UNDCP with US$ 34,110.65 in December 1996. Since there was no agreement between UNIDO and UNDCP concerning mainframe charges UNIDO debited UNDCP's charges to UNOV. UNOV should recover the amount from UNDCP.

UNIDO had never reached any agreement with UNDCP concerning the usage of computer and printing paper costs.

90. In March 1997 UNOV paid its charges for 1995 in the amount of US$ 163,806.29. UNDCP's charges were declared as "awaiting certification". In the following months UNOV only paid its own charges. At the end of 1998 UNDCP's charges were still not settled. They accumulated to US$ 109,713.44 for a period of four years. As at 31 December 1999, the costs amount to US$ 125,511.02. In October 1999 my team found out that UNIDO had never reached any agreement with UNDCP concerning usage of the computer and printing paper costs. Moreover, UNIDO is aware that UNDCP has no funds to pay for utilizing UNIDO's mainframe facility.

The receivable concerning the computer services should be written off completely.

91. In my opinion the state of affairs described above has to be reflected appropriately in UNIDO's books. As UNDCP is known for having no funds to pay for the usage of the computer and printing paper costs, in my view it is necessary that UNIDO's accounts receivable relating to the charges for CPU usage and printing paper costs due from UNDCP should be completely written off. Furthermore, booking a receivable (i.e. an income) for these services is not appropriate and therefore not acceptable as long as UNDCP does not agree to pay for utilizing UNIDO's mainframe facility.

The Administration replied that all possible efforts should be made to recover the receivable, but initiated nothing.

92. Administration replied that in the future, UNDCP will not require any mainframe support services because of the introduction of IMIS at UNOV. It agreed that the charges to UNDCP would need to be written off if they are found to be irrecoverable. However, beforehand all possible efforts should be made to recover the amounts due to UNIDO. Management replied that the issue had been taken up on an informal basis with UNDCP, but no agreement had been reached so far. It promised to pursue the matter.

93. I agree with Administration's comments. However, I noted with concern that nothing had been initiated as of the end of the audit by my team in spring 2000, although the audit observation had already been issued in autumn 1999. **I recommend to render services to other UN organizations only on the basis of clear contracts.**

VII. Follow-up

A. Recommendations in the audit report for the biennium 1996-1997

Recommendation	Reply of Management
94. UNIDO had accepted **voluntary contributions in kind** without any support costs reimbursement. I recommended to thoroughly review this practice.	Management accepted my recommendation and confirmed that it is not UNIDO's policy to charge zero per cent. Decisions on the level of support costs are made case by case. The Joint Inspection Unit is starting a system-wide study on this subject this year.
95. **Liquidity planning** in UNIDO is very difficult. I recommended that Management should stress the need to collect outstanding contributions for prior years, try to reliably obtain timely payments and provide Treasury with reliable information about procurements and contracts.	Actions are continuously taken by the Secretariat in reminding Member States of their obligations. The Governing Bodies have also reminded Member States of their obligations. Management has also requested the UNIDO Field Representatives to intervene with the government authorities in their countries of coverage with regard to obligations.
96. UNIDO had not developed a comprehensive **publication strategy**. I recommended that a clear and concise publication strategy and guidelines for day-to-day use should be elaborated, a comprehensive marketing concept should be elaborated and that a unit or person should be identified who is responsible for the development and implementation of a publication strategy.	A new office has recently been created in the Office of the Director-General, and this office will co-ordinate Global Forum Activities, including research and publications. It is expected that this office will provide guidance and co-ordinate the publications including the establishment of a publication strategy. I will keep the matter under review.
97. The utility **charges for the Commissary** were maintained at US $ 100,000, although the actual costs were much higher. I recommended to readjust the agreement with IAEA.	The matter has been raised with all VIC-based organizations. The main opposition was from the IAEA who felt that should the Commissary be charged with the actual utility costs (approximately US$ 400,000), then also the Catering Service should be requested to pay for the utility costs. As the new VIC Catering contractor will cover from its own funds the related utility costs, UNIDO will revive this issue and reiterate its original request that the Commissary should also cover its full utility costs, effective 1 January 2000.

98. The actual printing requirements were different to those when the **Common Printing Service** (CPS) agreement was concluded. I recommended to review and renegotiate the agreement.	A cost comparison between CPS and external printers was undertaken by IAEA and UNIDO which showed that CPS was significantly cheaper than any of the local suppliers chosen. IAEA has been requested to look into the possibility of introducing job-pricing and UNIDO will continue discussions with IAEA aiming at achieving the best conditions for UNIDO in terms of costs and quality.
99. The **overall representation of women at the senior Professional level** was very low. I recommended to increase the number of women at the decision-making level in the Secretariat.	The subject is addressed in document IDB.22/5 dated 14 March 2000 on personnel matters under the section "Women in the Secretariat", paragraphs 18 to 23 and Table 2.

B. Catering Service

I recommended to consider a different contractual form of catering service.

100. UNIDO is responsible for the operation and management of catering services at the VIC and provides for the relevant administrative support cost. The catering contract ended on 31 December 1999. Under this contract between UNIDO and the caterer, the facilities, capital equipment and the cost of maintenance, utilities and cleaning were provided free of charge. The utility cost alone amounted to AS 12.8 million in 1998. My staff had criticized that the amount of subsidy is in contradiction to the principle of the catering service as a commercial and self-sustaining operation. They recommended that a different contractual form of catering service should be considered.

Under the new arrangement, UNIDO still has to provide all the necessary administrative support. Moreover, the utility costs are subsidized.

101. After the bidding exercise relating to the catering service, a new catering agent was selected who has been responsible for the catering service at the VIC since 1 January 2000. The utility cost for electricity, water, cleaning service, garbage removal, maintenance and repair is now at the expense of the caterer. In addition, UNIDO will participate in the profit which the management agent should be able to generate from the catering service operation. However, as the catering services have not been outsourced completely, UNIDO still has to provide all the necessary administrative support including accounting and payments and pays the utility cost for heating, ventilation, air-conditioning and cooling. UNIDO shares these costs with the other VIC-based organizations.

102. I will keep under review the financial impact of the new contractual arrangement concerning the catering service.

VIII. Other Matters

A. Amounts written off, cases of fraud or presumptive fraud, and ex gratia payments

103. The Secretariat informed me of two cases of presumptive fraud where national project staff were involved, and that appropriate action had been taken.

104. As to amounts written off, reference is made to paragraphs 43 to 47.

105. No *ex gratia* payments were made.

B. Acknowledgement

106. I wish to express my appreciation for the co-operation and assistance extended by the Director-General and the staff of UNIDO, in particular the staff of Financial Services.

[*Signed*]

Dr. H. von Wedel

President of the Federal Court of Audit
Germany

External Auditor

Annex I

CERTIFICATE OF THE EXTERNAL AUDITOR ON THE ACCOUNTS OF THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION AND OF THE INDUSTRIAL DEVELOPMENT FUND FOR THE FINANCIAL PERIOD 1998-1999 ENDED 31 DECEMBER 1999

To the President
of the Industrial Development Board

I have audited the following appended statements, numbered I to IV, properly identified, and relevant schedules of the United Nations Industrial Development Organization and of the Industrial Development Fund for the financial period 1998-1999 ended 31 December 1999. These financial statements and schedules are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, conforming with international standards of auditing, and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency. Those standards require that I plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

My examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as I considered necessary in the circumstances. I have obtained all the information and explanations that I required for the purpose of the audit. As a result of my examination, I certify that, in my opinion:

(a) The financial statements reflect properly the recorded financial transactions for the biennium ended 31 December 1999 and present fairly, in all material respects, the Organization's financial position as at 31 December 1999;

(b) The financial transactions reflected in the statements have in all significant aspects been in accordance with the applicable Financial Regulations and legislative authority;

(c) The financial statements have been prepared in accordance with the stated accounting policies and procedures set out in note 1, which were applied on a basis consistent with that of the preceding financial period.

Additional information and comments on the financial statements and this opinion are included in the observations in my long form report.

Frankfurt, 31st May 2000

[*Signed*]

Dr. H. von Wedel
President of the Federal Court of Audit
Germany

External Auditor

Annex II

FINANCIAL STATEMENTS FOR THE 24-MONTH PERIOD OF THE BIENNIUM 1998-1999 ENDED 31 DECEMBER 1999

Certification of financial statements

Director-General's responsibility

The Director-General of the United Nations Industrial Development Organization is responsible for the preparation and integrity of the financial statements. These statements have been prepared in accordance with the common accounting standards of the United Nations organizations and necessarily include some amounts that are based on management's best estimates and judgement. Financial information used elsewhere is consistent with that in the financial statements. Management considers that the statements present fairly the financial position of the Organization and of funds held in trust by it, the results of their operations and the changes in their financial position.

To fulfil its responsibility, the Organization maintains systems of internal accounting controls, policies and procedures to ensure the reliability of financial information and the safeguarding of assets. The internal control systems and financial records are subject to reviews by the Office of Internal Oversight and the External Auditor during their respective audits.

The following appended financial statements, comprising Statements I to IV, relevant Schedules and supporting notes, were properly prepared in accordance with Article X of the Financial Regulations of UNIDO and the United Nations Common Accounting Standards and are hereby approved.

Carlos A. Magariños
Director-General

Saburo Takizawa
Controller
Financial Performance Control
Branch

Statement I

STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES
for the biennium 1998-1999 ending 31 December 1999

(In thousands of United States dollars)

Heading	General Fund and Working Capital Fund (Note or schedule No.)		Other headquarters funds (Note or schedule No.)		Technical cooperation (Note or schedule No.)		Eliminations	Total 1998-1999	Total 1996-1997
INCOME									
Assessed contributions	130,932.4	2(a)						130,932.4	202,195.2
Voluntary contributions	485.3		180.6		151,296.0			151,961.9	138,407.0
Other income									
Revenue-producing activities	113.4	2(b)						113.4	198.1
Funds received under inter-organization arrangements					34,567.8			34,567.8	59,565.3
Jointly-financed activities	27,740.3							27,740.3	24,969.8
Income for services rendered	128.1		21,424.7					21,552.8	26,971.7
Interest income	1,618.7		270.7		2,908.5			4,797.9	16,067.5
Currency exchange adjustments	(1,003.0)	2(c)	(7.3)		(706.3)			(1,716.6)	(7,164.4)
Miscellaneous	1,128.7		461.8		63.7			1,654.2	1,830.9
TOTAL INCOME	161,143.9		22,330.5		188,129.7			371,604.1	463,041.1
EXPENDITURE									
Salaries and common staff costs	93,858.6		23,508.5		53,674.0		7,011.8	178,052.9	229,012.4
Contractual services	618.8		182.0		60,356.6		549.8	61,707.2	51,828.7
Operational expenses	26,404.4		1,310.4		5,675.4		917.7	34,307.9	35,433.9
Acquisitions	600.5		29.8		27,127.8		1,489.1	29,247.2	36,595.0
Fellowships					9,043.2		1,266.4	10,309.6	13,814.1
Technical cooperation	11,820.5						(11,320.5)		
Programme support costs			56.4		19,456.3			19,512.7	23,293.8
Other expenditure	17,750.6		49.6				585.7	18,385.9	25,244.8
TOTAL EXPENDITURE	151,053.4		25,136.7		175,333.3			351,523.4	415,222.7
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	10,090.5		(2,806.2)		12,796.4			20,080.7	47,818.4
Prior biennium adjustments	2,115.8	2(d)			16,061.2	4(d)		18,177.0	(3,805.5)
Savings on or cancellation of obligations from prior biennium	1,824.2	2(e)	194.4		0.0			2,018.6	4,251.0
Provision for delays in the collection of contributions	13,572.2							13,572.2	(99,974.5)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	27,602.7		(2,611.8)	3(b)	28,857.6			53,848.5	(51,710.6)
Transfers to reserves	113.4				190.3	4(b)		303.7	396.0
Transfers from reserves	(10,378.0)	2(b,m)						(10,378.0)	(7,065.0)
Credits to Member States	(621.7)							(621.7)	(3,873.6)
Reserves and fund balances, beginning of biennium	(2,255.4)		4,660.9		85,321.7			87,727.2	149,980.4
RESERVES AND FUND BALANCES, END OF BIENNIUM	14,461.0		2,049.1		114,369.6			130,879.7	87,727.2

STATEMENT OF ASSETS, LIABILITIES, AND RESERVES AND FUND BALANCES
as at 31 December 1999
(In thousands of United States dollars)

Heading	General Fund and Working Capital Fund (Note or schedule No.)		Other headquarters funds (Note or schedule No.)		Technical cooperation (Note or schedule No.)		Eliminations	Total 1999	Total 1997
ASSETS									
Cash and term deposits	12,900.2		2,111.8		161,742.2	*4(c)*		176,754.2	178,302.4
Investments									
Accounts receivable									
Assessed contributions receivable from Member States	104,310.8	2.1						104,310.8	99,423.3
Voluntary contributions receivable									46,767.3
Other contributions receivable	293.7	2.1			1,099.4			1,395.2	5,661.4
Provision for delays in the collection of contributions	(86,402.3)	*2(l)*						(86,402.3)	(99,974.5)
Interfund balances			617.3		1,652.0			2,269.3	1,636.5
Other	6,821.3	*2(f)*	88.4		1,554.9			8,464.6	11,668.4
Other assets	903.3				3,460.1			4,363.4	6,057.9
TOTAL ASSETS	38,827.0		2,817.5		169,508.6			211,155.2	249,542.7
LIABILITIES									
Payments or contributions received in advance	296.1	*2(g)*			5,583.2			5,879.3	8,966.1
Borrowings payable within one year	1,000.0	*2(h)*						1,000.0	1,000.0
Unliquidated obligations	11,520.4		747.3		27,187.8			39,455.5	45,306.1
Accounts payable									
Interfund balances	909.7				1,359.6			2,269.3	1,636.5
Other	5,639.8		21.1		21,008.4			26,669.3	13,097.4
Other funds and special accounts									
Other liabilities									84,809.4
Borrowings payable after one year	5,000.0	*2(h)*						5,000.0	7,000.0
TOTAL LIABILITIES	24,366.0		768.4		55,139.0			80,273.4	161,815.5
RESERVES AND FUND BALANCES									
Operating reserves			4,300.0	*3(c)*	550.0	*4(f)*		4,850.0	4,850.0
Other reserves	5,326.0	*2(b,m)*			2,021.4	*4(b)*		7,347.4	17,421.8
Balances relating to projects funded by donors					109,296.0			109,296.0	80,883.5
Working capital funds	6,610.0	*2(k)*						6,610.0	6,762.6
Surplus (deficit)	2,525.0	*2(l)*	(2,250.9)		2,502.2			2,776.3	(22,190.7)
TOTAL RESERVES AND FUND BALANCES	14,461.0		2,049.1		114,369.6			130,879.7	87,727.2
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	38,827.0		2,817.5		169,508.6			211,153.1	249,542.7

Schedule 2.1

STATUS OF ASSESSED CONTRIBUTIONS TO THE REGULAR BUDGET

(As at 31 December 1999)

Member State	Scale of assessment (percentage)	Contributions Payable 1 January 1999 Prior bienniums Dollar	Schilling	Current biennium Dollar	Schilling	Credits and collections in 1999 Prior bienniums Dollar	Schilling	Current biennium Dollar	Schilling	Contributions outstanding as at 31 December 1999 Prior bienniums Dollar	Schilling	Current biennium Dollar	Schilling	$ Equiv.	TOTAL $ Equiv.
AFGHANISTAN	0.0100	51,662	0	2,336	136,978	38	0	0	0	51,624	0	2,336	136,978	10,024	63,984
ALBANIA	0.0100	60,323	0	2,336	136,978	55,038	0	0	0	5,285	0	2,336	136,978	10,024	17,645
ALGERIA	0.2300	0	0	26,922	1,578,934	0	0	26,922	1,578,934	0	0	0	0	0	0
ANGOLA	0.0100	0	0	2,108	123,595	0	0	2,108	123,595	0	0	0	0	0	1,411,060
ARGENTINA	0.6800	1,142,201	0	158,818	9,314,566	571,645	0	0	0	570,556	0	158,818	9,314,566	681,686	800,191
ARMENIA	0.0700	713,669	0	16,348	958,852	0	0	0	0	713,669	0	16,348	958,852	70,174	0
AUSTRIA	1.2300	0	0	143,636	8,424,203	0	0	143,636	8,424,203	0	0	0	0	0	1,223,601
AZERBAIJAN	0.1600	1,025,837	0	37,368	2,191,662	0	0	0	0	1,025,837	0	37,368	2,191,662	160,396	27,819
BAHAMAS	0.0300	7,224	0	7,006	410,936	7,224	0	1,750	102,637	0	0	5,256	308,299	22,563	0
BAHRAIN	0.0300	0	0	3,503	205,468	0	0	3,503	205,468	0	0	0	0	0	0
BANGLADESH	0.0100	0	0	1,183	69,397	0	0	1,183	69,397	0	0	0	0	0	0
BARBADOS	0.0100	0	0	2,334	136,834	0	0	2,334	136,834	0	0	0	0	0	680,683
BELARUS	0.4000	620,414	0	93,422	5,479,156	434,145	0	0	0	186,269	0	93,422	5,479,156	400,992	0
BELGIUM	1.4300	0	0	166,992	9,793,992	0	0	166,992	9,793,992	0	0	0	0	0	0
BELIZE	0.0100	0	0	2,311	135,460	0	0	2,311	135,460	0	0	0	0	0	11,587
BENIN	0.0100	0	0	2,198	128,842	0	0	7	455	0	0	2,191	128,387	9,396	5,924
BHUTAN	0.0100	0	0	1,168	68,489	0	0	48	2,849	0	0	1,120	65,640	4,804	29,424
BOLIVIA	0.0100	54,575	0	2,336	136,978	37,511	0	0	0	17,064	0	2,336	136,978	10,024	209,681
BOSNIA AND HERZEGOVINA	0.0100	197,321	0	2,336	136,978	0	0	0	0	197,321	0	2,336	136,978	10,024	6,126
BOTSWANA	0.0100	0	0	1,168	68,489	0	0	10	606	0	0	1,158	67,883	4,968	8,569,139
BRAZIL	2.2900	5,746,181	0	534,840	31,368,170	7,562	0	0	0	5,738,619	0	534,840	31,368,170	2,295,680	0
BULGARIA	0.1100	0	0	12,935	758,613	0	0	12,935	758,613	0	0	0	0	0	53,634
BURKINA FASO	0.0100	49,387	0	2,336	136,978	8,113	0	0	0	41,274	0	2,336	136,978	10,024	57,171
BURUNDI	0.0100	44,849	0	2,336	136,978	38	0	0	0	44,811	0	2,336	136,978	10,024	20,906
CAMBODIA	0.0100	17,112	0	2,336	136,978	8,566	0	0	0	8,546	0	2,336	136,978	10,024	8,538
CAMEROON	0.0100	0	0	1,622	95,059	0	0	7	455	0	0	1,615	94,604	6,923	81,369
CAPE VERDE	0.0100	69,047	0	2,336	136,978	38	0	0	0	69,009	0	2,336	136,978	10,024	97,344
CENTRAL AFRICAN REPUBLIC	0.0100	85,022	0	2,336	136,978	38	0	0	0	84,984	0	2,336	136,978	10,024	72,942
CHAD	0.0100	60,582	0	2,336	136,978	0	0	0	0	60,582	0	2,336	136,978	10,024	142
CHILE	0.1100	0	0	24,561	1,440,410	0	0	24,534	1,438,843	0	0	27	1,567	115	0
CHINA	1.0500	0	0	122,616	7,191,393	0	0	122,616	7,191,393	0	0	0	0	0	0
COLOMBIA	0.1400	0	0	16,349	958,852	0	0	16,349	958,852	0	0	0	0	0	105,806
COMOROS	0.0100	93,446	0	2,336	136,978	0	0	0	0	93,446	0	2,336	136,978	10,024	92,012
CONGO	0.0100	79,690	0	2,336	136,978	38	0	0	0	79,652	0	2,336	136,978	10,024	80,102
COSTA RICA	0.0100	67,780	0	2,336	136,978	38	0	0	0	67,742	0	2,336	136,978	10,024	0
CÔTE D'IVOIRE	0.0100	0	0	1,168	68,489	0	0	1,168	68,489	0	0	0	0	0	79,778
CROATIA	0.1300	0	0	30,330	1,778,841	0	0	15,256	894,728	0	0	15,074	884,113	64,704	146,402
CUBA	0.0700	120,068	0	16,348	958,852	60,188	0	0	0	59,880	0	16,348	958,852	70,174	0
CYPRUS	0.0400	0	0	4,671	273,958	0	0	4,671	273,958	0	0	0	0	0	0
CZECH REPUBLIC	0.3500	0	0	40,872	2,397,131	0	0	40,872	2,397,131	0	0	0	0	0	344,382
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	0.0700	308,050	0	16,348	958,852	50,190	0	0	0	257,860	0	16,348	958,852	70,174	91,176
DEMOCRATIC REPUBLIC OF THE CONGO	0.0100	78,854	0	2,336	136,978	38	0	0	0	78,816	0	2,336	136,978	10,024	0
DENMARK	1.0200	0	0	119,113	6,985,924	0	0	119,113	6,985,924	0	0	0	0	0	72,942
DJIBOUTI	0.0100	60,582	0	2,336	136,978	0	0	0	0	60,582	0	2,336	136,978	10,024	0
DOMINICA	0.0100	58,303	0	2,336	136,978	58,303	0	2,336	136,978	0	0	0	0	0	249,744
DOMINICAN REPUBLIC	0.0100	237,384	0	2,336	136,978	0	0	0	0	237,384	0	2,336	136,978	10,024	81,193
ECUADOR	0.0300	44,690	0	7,006	410,936	577	0	0	0	44,113	0	7,006	410,936	30,074	0
EGYPT	0.1100	0	0	12,846	753,384	0	0	12,846	753,384	0	0	0	0	0	90,446
EL SALVADOR	0.0100	78,086	0	2,336	136,978	0	0	0	0	78,086	0	2,336	136,978	10,024	105,806
EQUATORIAL GUINEA	0.0100	93,446	0	2,336	136,978	0	0	0	0	93,446	0	2,336	136,978	10,024	
ERITREA	0.0100	12,908	0	2,336	136,978	0	0	0	0	12,908	0	2,336	136,978	10,024	25,268

Schedule 2.1

Member State	Scale of assessment (percentage)	Contributions Payable 1 January 1999				Credits and collections in 1999				Contributions outstanding as at 31 December 1999					TOTAL
		Prior biennium		Current biennium		Prior biennium		Current biennium		Prior biennium		Current biennium			
		Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	$ Equiv.	$ Equiv.
ETHIOPIA	0.0100	0	0	1,171	68,666	0	0	1,171	68,666	0	0	0	0	0	0
FIJI	0.0100	4,352	0	2,336	136,978	4,352	0	1,991	116,750	0	0	345	20,228	1,480	1,825
FINLAND	0.8800	0	0	102,764	6,027,072	0	0	102,764	6,027,072	0	0	0	0	0	0
FRANCE	9.0900	0	0	1,061,507	62,256,914	0	0	1,061,507	62,256,914	0	0	0	0	0	0
GABON	0.0100	38,956	0	2,336	136,978	91	0	0	0	38,865	0	2,336	136,978	10,024	51,225
GAMBIA	0.0100	61,460	0	2,336	136,978	38	0	0	0	61,422	0	2,336	136,978	10,024	73,782
GEORGIA	0.1600	1,204,230	0	37,368	2,191,662	0	0	0	0	1,204,230	0	37,368	2,191,662	160,396	1,401,994
GERMANY	12.8200	0	0	1,497,088	87,803,480	0	0	1,497,088	87,803,480	0	0	0	0	0	0
GHANA	0.0100	0	0	1,314	77,027	0	0	1,314	77,027	0	0	0	0	0	0
GREECE	0.5400	0	0	63,060	3,698,431	0	0	63,060	3,698,431	0	0	0	0	0	0
GRENADA	0.0100	72,532	0	2,336	136,978	38	0	0	0	72,494	0	2,336	136,978	10,024	84,854
GUATEMALA	0.0300	158,197	0	7,006	410,936	76	0	0	0	158,121	0	7,006	410,936	30,074	195,201
GUINEA	0.0100	37,773	0	2,336	136,978	46	0	0	0	37,727	0	2,336	136,978	10,024	50,087
GUINEA-BISSAU	0.0100	89,747	0	2,336	136,978	38	0	0	0	89,709	0	2,336	136,978	10,024	102,069
GUYANA	0.0100	0	0	1,168	68,489	0	0	1,139	66,818	0	0	29	1,671	22	151
HAITI	0.0100	0	0	2,277	133,491	0	0	2,277	133,491	0	0	0	0	0	0
HONDURAS	0.0100	58,183	0	2,336	136,978	8,107	0	0	0	50,076	0	2,336	136,978	10,024	62,436
HUNGARY	0.2000	0	0	23,355	1,369,789	0	0	23,355	1,369,789	0	0	0	0	0	0
INDIA	0.4400	0	0	51,382	3,013,536	0	0	51,382	3,013,536	0	0	0	0	0	0
INDONESIA	0.2000	0	0	42,528	2,494,328	0	0	130	7,608	0	0	42,398	2,486,720	181,991	224,389
IRAN (ISLAMIC REPUBLIC OF)	0.6400	934,682	0	149,476	8,766,650	625,072	0	0	0	309,610	0	149,476	8,766,650	641,588	1,100,674
IRAQ	0.2000	1,022,632	0	46,710	2,739,578	0	0	0	0	1,022,632	0	46,710	2,739,578	200,496	1,269,838
IRELAND	0.3000	0	0	35,033	2,054,684	0	0	35,033	2,054,684	0	0	0	0	0	0
ISRAEL	0.3800	0	0	44,375	2,602,599	0	0	44,375	2,602,599	0	0	0	0	0	0
ITALY	7.4300	0	0	867,657	50,887,665	0	0	867,657	50,887,665	0	0	0	0	0	0
JAMAICA	0.0100	0	0	2,334	136,833	0	0	7	455	0	0	2,327	136,378	9,980	12,307
JAPAN	22.1500	0	0	2,586,622	151,704,141	0	0	2,586,622	151,704,141	0	0	0	0	0	0
JORDAN	0.0100	0	0	1,168	68,489	0	0	1,168	68,489	0	0	0	0	0	0
KAZAKHSTAN	0.2700	0	0	63,060	3,698,430	0	0	0	0	0	0	63,060	3,698,430	270,670	333,730
KENYA	0.0100	0	0	1,168	68,489	0	0	811	47,586	0	0	357	20,903	1,530	1,887
KUWAIT	0.2700	0	0	31,601	1,853,382	0	0	31,601	1,853,382	0	0	0	0	0	0
KYRGYZSTAN	0.0400	273,209	0	9,342	547,916	0	0	0	0	273,209	0	9,342	547,916	40,100	322,651
LAO PEOPLE'S DEMOCRATIC REPUBLIC	0.0100	0	0	1,168	68,489	0	0	1,168	68,489	0	0	0	0	0	0
LEBANON	0.0100	0	0	1,168	68,489	0	0	948	55,625	0	0	220	12,864	941	1,161
LESOTHO	0.0100	0	0	2,334	136,836	0	0	2,334	136,836	0	0	0	0	0	0
LIBERIA	0.0100	60,582	0	2,336	136,978	0	0	0	0	60,582	0	2,336	136,978	10,024	72,942
LIBYAN ARAB JAMAHIRIYA	0.2800	0	0	62,997	3,694,719	0	0	191	11,228	0	0	62,806	3,683,491	269,576	332,382
LITHUANIA	0.1100	446,592	0	25,692	1,506,768	60,724	0	0	0	385,868	0	25,692	1,506,768	110,272	521,832
LUXEMBOURG	0.1000	0	0	11,678	684,895	0	0	11,678	684,895	0	0	0	0	0	0
MADAGASCAR	0.0100	8,029	0	2,336	136,978	8,029	0	1,026	60,149	0	0	1,310	76,829	5,622	6,932
MALAWI	0.0100	14,990	0	2,336	136,978	46	0	0	0	14,944	0	2,336	136,978	10,024	27,304
MALAYSIA	0.2000	0	0	23,355	1,369,789	0	0	23,355	1,369,789	0	0	0	0	0	0
MALDIVES	0.0100	9,505	0	2,336	136,978	9,505	0	266	15,603	0	0	2,070	121,375	8,882	10,952
MALI	0.0100	35,246	0	2,336	136,978	46	0	0	0	35,200	0	2,336	136,978	10,024	47,560
MALTA	0.0100	0	0	1,168	68,489	0	0	1,168	68,489	0	0	0	0	0	0
MAURITANIA	0.0100	87,251	0	2,336	136,978	38	0	0	0	87,213	0	2,336	136,978	10,024	99,573
MAURITIUS	0.0100	0	0	1,183	69,373	0	0	1,183	69,373	0	0	0	0	0	0
MEXICO	1.1200	0	0	130,791	7,670,819	0	0	130,791	7,670,819	0	0	0	0	0	0
MONGOLIA	0.0100	0	0	1,168	68,489	0	0	7	455	0	0	1,161	68,034	4,979	6,140
MOROCCO	0.0400	0	0	4,671	273,958	0	0	4,671	273,958	0	0	0	0	0	0
MOZAMBIQUE	0.0100	0	0	1,168	68,489	0	0	1,168	68,489	0	0	0	0	0	0
MYANMAR	0.0100	0	0	1,168	68,489	0	0	7	455	0	0	1,161	68,034	4,979	6,140
NAMIBIA	0.0100	0	0	1,168	68,489	0	0	1,168	68,489	0	0	0	0	0	0
NEPAL	0.0100	0	0	1,276	74,801	0	0	236	13,794	0	0	1,040	61,007	4,465	5,505
NETHERLANDS	2.2500	0	0	262,749	15,410,127	0	0	262,749	15,410,127	0	0	0	0	0	0
NEW ZEALAND	0.3400	0	0	39,704	2,328,641	0	0	39,704	2,328,641	0	0	0	0	0	0
NICARAGUA	0.0100	105,026	0	2,336	136,978	0	0	0	0	105,026	0	2,336	136,978	10,024	117,386
NIGER	0.0100	69,078	0	2,336	136,978	38	0	0	0	69,040	0	2,336	136,978	10,024	81,400

Schedule 2.1

Member State	Scale of assessment (percentage)	Contributions Payable 1 January 1999				Credits and collections in 1999				Contributions outstanding as at 31 December 1999					
		Prior biennium		Current biennium		Prior biennium		Current biennium		Prior biennium		Current biennium			TOTAL
		Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	$ Equiv.	$ Equiv.
NIGERIA	0.1600	0	0	34,717	2,036,189	0	0	161	9,418	0	0	34,556	2,026,771	148,329	182,885
NORWAY	0.7900	0	0	92,254	5,410,667	0	0	92,254	5,410,667	0	0	0	0	0	0
OMAN	0.0600	0	0	7,007	410,937	0	0	7,007	410,937	0	0	0	0	0	0
PAKISTAN	0.0800	0	0	18,665	1,094,693	0	0	18,665	1,094,693	0	0	0	0	0	0
PANAMA	0.0100	15,128	0	2,336	136,978	91	0	0	0	15,037	0	2,336	136,978	10,024	27,397
PAPUA NEW GUINEA	0.0100	8,368	0	2,336	136,978	46	0	0	0	8,342	0	2,336	136,978	10,024	20,702
PARAGUAY	0.0100	0	0	1,208	70,838	0	0	16	901	0	0	1,192	69,937	5,118	6,310
PERU	0.0800	52,735	0	18,684	1,095,832	52,735	0	561	32,895	0	0	18,123	1,062,937	77,791	95,914
PHILIPPINES	0.0800	0	0	18,014	1,056,557	0	0	18,014	1,056,557	0	0	0	0	0	0
POLAND	0.4700	0	0	54,885	3,219,004	0	0	54,885	3,219,004	0	0	0	0	0	0
PORTUGAL	0.4000	0	0	75,758	4,443,171	0	0	29,208	1,713,016	0	0	46,550	2,730,155	199,806	246,356
QATAR	0.0600	5,648	0	14,014	821,874	228	0	0	0	5,420	0	14,014	821,874	60,148	79,582
REPUBLIC OF KOREA	1.1600	0	0	135,462	7,944,777	0	0	135,462	7,944,777	0	0	0	0	0	0
REPUBLIC OF MOLDOVA	0.1100	626,267	0	25,692	1,506,768	609	0	0	0	625,658	0	25,692	1,506,768	110,272	761,622
ROMANIA	0.2100	0	0	24,523	1,438,279	0	0	24,523	1,438,279	0	0	0	0	0	0
RUSSIAN FEDERATION	6.0400	3,792,937	0	1,410,672	82,735,260	3,792,937	0	406,205	23,823,724	0	0	1,004,467	58,911,536	4,311,441	5,315,908
RWANDA	0.0100	48,941	0	2,336	136,978	38	0	0	0	48,903	0	2,336	136,978	10,024	61,263
SAINT KITTS AND NEVIS	0.0100	27,347	0	2,336	136,978	10,291	0	0	0	17,056	0	2,336	136,978	10,024	29,416
SAINT LUCIA	0.0100	0	0	1,168	68,489	0	0	827	48,532	0	0	341	19,957	1,461	1,802
SAINT VINCENT AND THE GRENADINES	0.0100	84,550	0	2,336	136,978	38	0	0	0	84,512	0	2,336	136,978	10,024	96,872
SAO TOME AND PRINCIPE	0.0100	93,446	0	2,336	136,978	0	0	0	0	93,446	0	2,336	136,978	10,024	105,806
SAUDI ARABIA	1.0000	1,359,116	0	233,554	13,697,890	1,359,116	0	0	0	0	0	233,554	13,697,890	1,002,480	1,236,034
SENEGAL	0.0100	0	0	1,237	72,497	0	0	7	454	0	0	1,230	72,043	5,272	6,502
SEYCHELLES	0.0100	21,934	0	2,336	136,978	192	0	0	0	21,742	0	2,336	136,978	10,024	34,102
SIERRA LEONE	0.0100	70,445	0	2,336	136,978	38	0	0	0	70,407	0	2,336	136,978	10,024	82,767
SLOVAKIA	0.1100	0	0	12,846	753,384	0	0	12,846	753,384	0	0	0	0	0	0
SLOVENIA	0.1000	0	0	11,678	684,895	0	0	130	7,612	0	0	11,548	677,283	49,567	61,115
SOMALIA	0.0100	105,026	0	2,336	136,978	0	0	0	0	105,026	0	2,336	136,978	10,024	117,386
SPAIN	3.3700	0	0	393,540	23,080,946	0	0	393,540	23,080,946	0	0	0	0	0	0
SRI LANKA	0.0100	0	0	1,168	68,489	0	0	1,168	68,489	0	0	0	0	0	0
SUDAN	0.0100	0	0	1,168	68,489	0	0	1,004	58,889	0	0	164	9,600	703	867
SURINAME	0.0100	14,514	0	2,336	136,978	46	0	0	0	14,468	0	2,336	136,978	10,024	26,828
SWAZILAND	0.0100	0	0	1,168	68,489	0	0	215	12,671	0	0	953	55,818	4,085	5,038
SWEDEN	1.740	0	0	238,851	14,008,486	0	0	238,851	14,008,486	0	0	0	0	0	0
SWITZERLAND	1.7100	0	0	199,690	11,711,697	0	0	199,690	11,711,697	0	0	0	0	0	0
SYRIAN ARAB REPUBLIC	0.0800	0	0	18,138	1,063,787	0	0	18,138	1,063,787	0	0	0	0	0	0
TAJIKISTAN	0.0300	203,454	0	7,006	410,936	190	0	0	0	203,264	0	7,006	410,936	30,074	240,344
THAILAND	0.1800	0	0	21,020	1,232,810	0	0	21,020	1,232,810	0	0	0	0	0	0
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	0.0100	13,849	0	2,336	136,978	13,849	0	17	968	0	0	2,319	136,010	9,954	12,273
TOGO	0.0100	50,289	0	2,336	136,978	38	0	0	0	50,251	0	2,336	136,978	10,024	62,611
TONGA	0.0100	0	0	1,168	68,489	0	0	1,168	68,489	0	0	0	0	0	0
TRINIDAD AND TOBAGO	0.0400	37,581	0	9,342	547,916	28,128	0	0	0	9,453	0	9,342	547,916	40,100	58,895
TUNISIA	0.0400	0	0	4,671	273,958	0	0	4,671	273,958	0	0	0	0	0	0
TURKEY	0.5400	0	0	63,060	3,698,431	0	0	63,060	3,698,431	0	0	0	0	0	0
TURKMENISTAN	0.0400	72,899	0	9,342	547,916	0	0	0	0	72,899	0	9,342	547,916	40,100	122,341
UGANDA	0.0100	32,866	0	2,336	136,978	46	0	0	0	32,820	0	2,336	136,978	10,024	45,180
UKRAINE	1.5400	6,486,707	0	359,674	21,094,752	8,350	0	0	0	6,478,357	0	359,674	21,094,752	1,543,820	8,381,851
UNITED ARAB EMIRATES	0.2700	0	0	48,733	2,858,162	0	0	31,698	1,859,090	0	0	17,035	999,072	73,117	90,152
UNITED KINGDOM	7.5300	0	0	879,335	51,572,559	0	0	879,335	51,572,559	0	0	0	0	0	0
UNITED REPUBLIC OF TANZANIA	0.0100	52,871	0	2,336	136,978	38	0	0	0	52,833	0	2,336	136,978	10,024	65,193
URUGUAY	0.0600	8,805	0	14,014	821,874	8,805	0	5,654	331,600	0	0	8,360	490,274	35,880	44,240
UZBKISTAN	0.1800	164,063	0	42,040	2,465,620	0	0	0	0	164,063	0	42,040	2,465,620	180,446	386,549
VANUATU	0.0100	55,516	0	2,336	136,978	38	0	0	0	55,478	0	2,336	136,978	10,024	67,838
VENEZUELA	0.4700	0	0	80,391	4,714,926	0	0	1,601	93,892	0	0	78,790	4,621,034	338,191	416,981
VIET NAM	0.0100	973	0	2,336	136,978	973	0	2,336	136,978	0	0	0	0	0	0
YEMEN	0.0100	74,436	0	2,336	136,978	38,104	0	0	0	36,332	0	2,336	136,978	10,024	48,692

Schedule 2.1

Member State	Scale of assessment (percentage)	Contributions Payable 1 January 1999				Credits and collections in 1999				Contributions outstanding as at 31 December 1999					TOTAL
		Prior bienniums		Current biennium		Prior bienniums		Current biennium		Prior bienniums		Current biennium			
		Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	Dollar	Schilling	$ Equiv.	$ Equiv.
YUGOSLAVIA	0.1400	1,644,542	0	32,698	1,917,704	571	0	0	0	1,643,971	0	32,698	1,917,704	140,348	1,817,017
ZAMBIA	0.0100	30,441	0	2,336	136,978	46	0	0	0	30,395	0	2,336	136,978	10,024	42,755
ZIMBABWE	0.0100	0	0	2,334	136,836	0	0	2,326	136,375	0	0	8	461	34	42
Subtotal 1															
Member States	86-87	57,902	0	0	0	0	0	0	0	57,902	0	0	0	0	57,902
	88-89	159,474	0	0	0	228	0	0	0	159,246	0	0	0	0	159,246
	90-91	1,201,094	0	0	0	14,729	0	0	0	1,186,365	0	0	0	0	1,186,365
	92-93	2,446,301	0	0	0	139,572	0	0	0	2,306,729	0	0	0	0	2,306,729
	94-95	9,832,585	0	0	0	161,318	0	0	0	9,671,267	0	0	0	0	9,671,267
	96-97	17,629,303	0	0	0	7,015,346	0	0	0	10,613,957	0	0	0	0	10,613,957
	98-99	0	0	13,677,647	802,185,672	0	0	10,248,040	601,042,429	0	0	3,429,607	201,143,243	14,720,631	18,150,238
	Total	31,326,659	0	13,677,647	802,185,672	7,331,193	0	10,248,040	601,042,429	23,995,466	0	3,429,607	201,143,243	14,720,631	42,145,704
UNITED STATES OF AMERICA	0.0000	62,227,413	0	0	0	114,238	0	0	0	62,113,175	0	0	0	0	62,113,175
Subtotal 2	94-95	35,371,658	0	0	0	114,238	0	0	0	35,257,420	0	0	0	0	35,257,420
	96-	26,855,755	0	0	0	0	0	0	0	26,855,755	0	0	0	0	26,855,755
	Total	62,227,413	0	0	0	114,238	0	0	0	62,113,175	0	0	0	0	62,113,175
CAMBODIA	0.0100	7,445	0	0	0	7,445	0	0	0	0	0	0	0	0	0
CHAD	0.0100	8,752	0	0	0	0	0	0	0	8,752	0	0	0	0	8,752
COMOROS	0.0100	11,580	0	0	0	0	0	0	0	11,580	0	0	0	0	11,580
DJIBOUTI	0.0100	8,486	0	0	0	38	0	0	0	8,448	0	0	0	0	8,448
EL SALVADOR	0.0100	15,360	0	0	0	0	0	0	0	15,360	0	0	0	0	15,360
EQUATORIAL GUINEA	0.0100	11,580	0	0	0	0	0	0	0	11,580	0	0	0	0	11,580
KAZAKHSTAN	0.2700	162,568	0	0	0	0	0	0	0	162,568	0	0	0	0	162,568
LIBERIA	0.0100	17,248	0	0	0	38	0	0	0	17,210	0	0	0	0	17,210
SAO TOME AND PRINCIPE	0.0100	11,580	0	0	0	0	0	0	0	11,580	0	0	0	0	11,580
TURKMENISTAN	0.0400	46,600	0	0	0	0	0	0	0	46,600	0	0	0	0	46,600
Subtotal 3	86-87	34,740	0	0	0	0	0	0	0	34,740	0	0	0	0	34,740
New Member States	88-89	15,360	0	0	0	0	0	0	0	15,360	0	0	0	0	15,360
	90-91	34,486	0	0	0	76	0	0	0	34,410	0	0	0	0	34,410
	94-95	54,045	0	0	0	7,445	0	0	0	46,600	0	0	0	0	46,600
	96-97	162,568	0	0	0	0	0	0	0	162,568	0	0	0	0	162,568
	Total	301,199	0	0	0	7,521	0	0	0	293,678	0	0	0	0	293,678
TOTAL	86-87	92,642	0	0	0	0	0	0	0	92,642	0	0	0	0	92,642
	88-89	174,834	0	0	0	228	0	0	0	174,606	0	0	0	0	174,606
	90-91	1,235,580	0	0	0	14,805	0	0	0	1,220,775	0	0	0	0	1,220,775
	92-93	2,446,301	0	0	0	139,572	0	0	0	2,306,729	0	0	0	0	2,306,729
	94-95	45,258,288	0	0	0	283,001	0	0	0	44,975,287	0	0	0	0	44,975,287
	96-97	44,647,626	0	0	0	7,015,346	0	0	0	37,632,280	0	0	0	0	37,632,280
	98-99	0	0	13,677,647	802,185,672	0	0	10,248,040	601,042,429	0	0	3,429,607	201,143,243	14,720,631	18,150,238
	Total	93,855,271	0	13,677,647	802,185,672	7,452,952	0	10,248,040	601,042,429	86,402,319	0	3,429,607	201,143,243	14,720,631	104,552,557

Other contributions receivable (New Member States)	(293,678)
Working Capital Fund (Schedule 2.2)	51,940
Assessed contributions receivable from Member States	$104,310,819

Note

In accordance with General Conference resolution GC/S.1/Res.1, the Federal Republic of Yugoslavia (Serbia and Montenegro) cannot continue automatically the membership of the former Socialist Federal Republic of Yugoslavia in UNIDO. Subject to any amendment to the United Nations scale of assessments approved by the United Nations General Assembly, this rate will apply to the Federal Republic of Yugoslavia (Serbia and Montenegro) should it apply for membership in UNIDO and be accepted.

Schedule 2.2

STATUS OF ADVANCES TO THE WORKING CAPITAL FUND AS AT 31 DECEMBER 1999

(In US dollars)

Member State	Scale of assessment (percentage)	Amount of advance	Collections 1986-1998	Adjustments in 1999	Collections in 1999	Amount outstanding to date
AFGHANISTAN	0.0100	661	661	-	-	-
ALBANIA	0.0100	661	661	-	-	-
ALGERIA	0.2300	15,203	15,203	-	-	-
ANGOLA	0.0100	661	661	-	-	-
ARGENTINA	0.6800	44,948	44,948	-	-	-
ARMENIA	0.0700	4,627	216	532	-	3,879
AUSTRIA	1.2300	81,303	81,303	-	-	-
AZERBAIJAN	0.1600	10,576	366	875	-	9,335
BAHAMAS	0.0300	1,983	1,983	-	-	-
BAHRAIN	0.0300	1,983	1,983	-	-	-
BANGLADESH	0.0100	661	661	-	-	-
BARBADOS	0.0100	661	661	-	-	-
BELARUS	0.4000	26,440	26,440	-	-	-
BELGIUM	1.4300	94,523	94,523	-	-	-
BELIZE	0.0100	661	661	-	-	-
BENIN	0.0100	661	661	-	-	-
BHUTAN	0.0100	661	661	-	-	-
BOLIVIA	0.0100	661	661	-	-	-
BOSNIA AND HERZEGOVINA	0.0100	661	67	152	-	442
BOTSWANA	0.0100	661	661	-	-	-
BRAZIL	2.2900	151,369	151,369	-	-	-
BULGARIA	0.1100	7,271	7,271	-	-	-
BURKINA FASO	0.0100	661	661	-	-	-
BURUNDI	0.0100	661	661	-	-	-
CAMBODIA	0.0100	661	661	-	-	-
CAMEROON	0.0100	661	661	-	-	-
CAPE VERDE	0.0100	661	661	-	-	-

Schedule 2.2

STATUS OF ADVANCES TO THE WORKING CAPITAL FUND AS AT 31 DECEMBER 1999

(In US dollars)

Member State	Scale of assessment (percentage)	Amount of advance	Collections 1986-1998	Adjustments in 1999	Collections in 1999	Amount outstanding to date
CENTRAL AFRICAN REPUBLIC	0.0100	661	661	-	-	-
CHAD	0.0100	661	17	38	-	606
CHILE	0.1100	7,271	7,271	-	-	-
CHINA	1.0500	69,405	69,405	-	-	-
COLOMBIA	0.1400	9,254	9,254	-	-	-
COMOROS	0.0100	661	25	38	-	598
CONGO	0.0100	661	661	-	-	-
COSTA RICA	0.0100	661	661	-	-	-
COTE D'IVOIRE	0.0100	661	661	-	-	-
CROATIA	0.1300	8,593	8,593	-	-	-
CUBA	0.0700	4,627	4,627	-	-	-
CYPRUS	0.0400	2,644	2,644	-	-	-
CZECH REPUBLIC	0.3500	23,135	23,135	-	-	-
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	0.0700	4,627	4,627	-	-	-
DEMOCRATIC REPUBLIC OF THE CONGO	0.0100	661	661	-	-	-
DENMARK	1.0200	67,422	67,422	-	-	-
DJIBOUTI	0.0100	661	661	-	-	-
DOMINICA	0.0100	661	661	-	-	-
DOMINICAN REPUBLIC	0.0100	661	97	76	-	488
ECUADOR	0.0300	1,983	1,983	-	-	-
EGYPT	0.1100	7,271	7,271	-	-	-
EL SALVADOR	0.0100	661	20	38	-	603
EQUATORIAL GUINEA	0.0100	661	25	38	-	598
ERITREA	0.0100	661	661	-	-	-
ETHIOPIA	0.0100	661	661	-	-	-
FIJI	0.0100	661	661	-	-	-

Schedule 2.2

STATUS OF ADVANCES TO THE WORKING CAPITAL FUND AS AT 31 DECEMBER 1999

(In US dollars)

Member State	Scale of assessment (percentage)	Amount of advance	Collections 1986-1998	Adjustments in 1999	Collections in 1999	Amount outstanding to date
FINLAND	0.8800	58,168	58,168	-	-	-
FRANCE	9.0900	600,849	600,849	-	-	-
GABON	0.0100	661	661	-	-	-
GAMBIA	0.0100	661	661	-	-	-
GEORGIA	0.1600	10,576	349	837	-	9,390
GERMANY	12.8200	847,402	847,402	-	-	-
GHANA	0.0100	661	661	-	-	-
GREECE	0.5400	35,694	35,694	-	-	-
GRENADA	0.0100	661	661	-	-	-
GUATEMALA	0.0300	1,983	1,983	-	-	-
GUINEA	0.0100	661	661	-	-	-
GUINEA-BISSAU	0.0100	661	661	-	-	-
GUYANA	0.0100	661	661	-	-	-
HAITI	0.0100	661	661	-	-	-
HONDURAS	0.0100	661	661	-	-	-
HUNGARY	0.2000	13,220	13,220	-	-	-
INDIA	0.4400	29,084	29,084	-	-	-
INDONESIA	0.2000	13,220	13,220	-	-	-
IRAN (ISLAMIC REPUBLIC OF)	0.6400	42,304	42,304	-	-	-
IRAQ	0.2000	13,220	11,272	532	-	1,416
IRELAND	0.3000	19,830	19,830	-	-	-
ISRAEL	0.3800	25,118	25,118	-	-	-
ITALY	7.4300	491,123	491,123	-	-	-
JAMAICA	0.0100	661	661	-	-	-
JAPAN	22.1500	1,464,115	1,464,115	-	-	-
JORDAN	0.0100	661	661	-	-	-
KAZAKHSTAN	0.2700	17,847	-	-	-	17,847

Schedule 2.2

STATUS OF ADVANCES TO THE WORKING CAPITAL FUND AS AT 31 DECEMBER 1999

(In US dollars)

Member State	Scale of assessment (percentage)	Amount of advance	Collections 1986-1998	Adjustments in 1999	Collections in 1999	Amount outstanding to date
KENYA	0.0100	661	661	-	-	-
KUWAIT	0.2700	17,847	17,847	-	-	-
KYRGYZSTAN	0.0400	2,644	100	228	-	2,316
LAO PEOPLE'S DEMOCRATIC REPUBLIC	0.0100	661	661	-	-	-
LEBANON	0.0100	661	661	-	-	-
LESOTHO	0.0100	661	661	-	-	-
LIBERIA	0.0100	661	661	-	-	-
LIBYAN ARAB JAMAHIRIYA	0.2800	18,508	18,508	-	-	-
LITHUANIA	0.1100	7,271	7,271	-	-	-
LUXEMBOURG	0.1000	6,610	6,610	-	-	-
MADAGASCAR	0.0100	661	661	-	-	-
MALAWI	0.0100	661	661	-	-	-
MALAYSIA	0.2000	13,220	13,220	-	-	-
MALDIVES	0.0100	661	661	-	-	-
MALI	0.0100	661	661	-	-	-
MALTA	0.0100	661	661	-	-	-
MAURITANIA	0.0100	661	661	-	-	-
MAURITIUS	0.0100	661	661	-	-	-
MEXICO	1.1200	74,032	74,032	-	-	-
MONGOLIA	0.0100	661	661	-	-	-
MOROCCO	0.0400	2,644	2,644	-	-	-
MOZAMBIQUE	0.0100	661	661	-	-	-
MYANMAR	0.0100	661	661	-	-	-
NAMIBIA	0.0100	661	661	-	-	-
NEPAL	0.0100	661	661	-	-	-
NETHERLANDS	2.2500	148,725	148,725	-	-	-

STATUS OF ADVANCES TO THE WORKING CAPITAL FUND AS AT 31 DECEMBER 1999

Schedule 2.2

(In US dollars)

Member State	Scale of assessment (percentage)	Amount of advance	Collections 1986-1998	Adjustments in 1999	Collections in 1999	Amount outstanding to date
NEW ZEALAND	0.3400	22,474	22,474	-	-	-
NICARAGUA	0.0100	661	38	38	-	585
NIGER	0.0100	661	661	-	-	-
NIGERIA	0.1600	10,576	10,576	-	-	-
NORWAY	0.7900	52,219	52,219	-	-	-
OMAN	0.0600	3,966	3,966	-	-	-
PAKISTAN	0.0800	5,288	5,288	-	-	-
PANAMA	0.0100	661	661	-	-	-
PAPUA NEW GUINEA	0.0100	661	661	-	-	-
PARAGUAY	0.0100	661	661	-	-	-
PERU	0.0800	5,288	5,288	-	-	-
PHILIPPINES	0.0800	5,288	5,288	-	-	-
POLAND	0.4700	31,067	31,067	-	-	-
PORTUGAL	0.4000	26,440	26,440	-	-	-
QATAR	0.0600	3,966	3,966	-	-	-
REPUBLIC OF KOREA	1.1600	76,676	76,676	-	-	-
REPUBLIC OF MOLDOVA	0.1100	7,271	7,271	-	-	-
ROMANIA	0.2100	13,881	13,881	-	-	-
RUSSIAN FEDERATION	6.0400	399,244	399,244	-	-	-
RWANDA	0.0100	661	661	-	-	-
SAINT KITTS AND NEVIS	0.0100	661	661	-	-	-
SAINT LUCIA	0.0100	661	661	-	-	-
SAINT VINCENT AND THE GRENADINES	0.0100	661	661	-	-	-
SAO TOME AND PRINCIPE	0.0100	661	25	38	-	598
SAUDI ARABIA	1.0000	66,100	66,100	-	-	-
SENEGAL	0.0100	661	661	-	-	-

Schedule 2.2

STATUS OF ADVANCES TO THE WORKING CAPITAL FUND AS AT 31 DECEMBER 1999

(In US dollars)

Member State	Scale of assessment (percentage)	Amount of advance	Collections 1986-1998	Adjustments in 1999	Collections in 1999	Amount outstanding to date
SEYCHELLES	0.0100	661	661	-	-	-
SIERRA LEONE	0.0100	661	661	-	-	-
SLOVAKIA	0.1100	7,271	7,271	-	-	-
SLOVENIA	0.1000	6,610	6,610	-	-	-
SOMALIA	0.0100	661	33	33	-	595
SPAIN	3.3700	222,757	222,757	-	-	-
SRI LANKA	0.0100	661	661	-	-	-
SUDAN	0.0100	661	661	-	-	-
SURINAME	0.0100	661	661	-	-	-
SWAZILAND	0.0100	661	661	-	-	-
SWEDEN	1.7400	115,014	115,014	-	-	-
SWITZERLAND	1.7100	113,031	113,031	-	-	-
SYRIAN ARAB REPUBLIC	0.0800	5,288	5,288	-	-	-
TAJIKISTAN	0.0300	1,983	1,983	-	-	-
THAILAND	0.1800	11,898	11,898	-	-	-
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	0.0100	661	661	-	-	-
TOGO	0.0100	661	661	-	-	-
TONGA	0.0100	661	661	-	-	-
TRINIDAD AND TOBAGO	0.0400	2,644	2,644	-	-	-
TUNISIA	0.0400	2,644	2,644	-	-	-
TURKEY	0.5400	35,694	35,694	-	-	-
TURKMENISTAN	0.0400	2,644	-	-	-	2,644
UGANDA	0.0100	661	661	-	-	-
UKRAINE	1.5400	101,794	101,794	-	-	-
UNITED ARAB EMIRATES	0.2700	17,847	17,847	-	-	-
UNITED KINGDOM	7.5300	497,733	497,733	-	-	-
UNITED REPUBLIC OF TANZANIA	0.0100	661	661	-	-	-

Schedule 2.2

STATUS OF ADVANCES TO THE WORKING CAPITAL FUND AS AT 31 DECEMBER 1999

(In US dollars)

Member State	Scale of assessment (percentage)	Amount of advance	Collections 1986-1998	Adjustments in 1999	Collections in 1999	Amount outstanding to date
URUGUAY	0.0600	3,966	3,966	-	-	-
UZBEKISTAN	0.1800	11,898	11,898	-	-	-
VANUATU	0.0100	661	661	-	-	-
VENEZUELA	0.4700	31,067	31,067	-	-	-
VIET NAM	0.0100	661	661	-	-	-
YEMEN	0.0100	661	661	-	-	-
YUGOSLAVIA [a]	0.1400	9,254	9,254	-	-	-
ZAMBIA	0.0100	661	661	-	-	-
ZIMBABWE	0.0100	661	661	-	-	-
TOTAL (168 States)	**100.0000**	**6,610,000**	**6,554,567**	**3,493**	**-**	**51,940**

[a] In accordance with General Conference resolution GC/S.1/Res.1, the Federal Republic of Yugoslavia (Serbia and Montenegro) cannot continue automatically the membership of the former Socialist Federal Republic of Yugoslavia in UNIDO. Subject to any amendment to the United Nations scale of assessments approved by the United Nations General Assembly, this rate will apply to the Federal Republic of Yugoslavia (Serbia and Montenegro) should it apply for membership in UNIDO and be accepted.

Statement III

GENERAL FUND AND WORKING CAPITAL FUND

Statement of cash flow for the biennium 1998-1999 as at 31 December 1999

(In thousands of United States dollars)

		Total 1999	Total 1997
Cash flows from operating activities			
Net excess (shortfall) of income over expenditure (Statement I)		10,090.5	37,806.5
(Increase) decrease in contributions receivable		(4,630.0)	(18,277.0)
(Increase) decrease other accounts receivable		1,692.7	4,526.6
Increase (decrease) in contributions or payments received in advance		(334.0)	(802.0)
Increase (decrease) in unliquidated obligations		(164.6)	(8,593.4)
Increase (decrease) in accounts payable		1,818.2	(138.6)
Increase (decrease) in other funds and special accounts			(950.5)
Less: Interest income	1,618.7		
Currency exchange adjustments	(1,003.0)	615.7	(1,273.5)
Net cash from operating activities		7,857.1	14,845.1
Cash flows from investing and financing activities			
Increase (decrease) in interfund balances		(135.4)	(1,296.8)
Increase (decrease) in borrowings		(2,000.0)	(2,000.0)
Plus: Interest income	1,618.7		
Currency exchange adjustments	(1,003.0)	615.7	(1,273.5)
Net cash from investing and financing activities		(1,519.7)	(4,570.3)
Cash flows from other sources			
Savings on or cancellation of prior period's obligations		1,824.2	3,879.3
Transfers to (from) reserves		(10,264.6)	(6,897.3)
Credits to Member States and prior bienniums adjustments		1,494.1	(7,663.6)
Net cash from other sources		(6,946.3)	(10,681.6)
Net increase (decrease) in cash		(608.9)	(406.8)
Cash at beginning of period		13,509.1	13,915.9
Cash at end of period (Statement II)		12,900.2	13,509.1

Statement IV

GENERAL FUND

Status of appropriations by major programme for the biennium 1998-1999 as at 31 December 1999 (note 2(a)(i))

(In thousands of United States dollars)

Major Programme	Original appropriation	Transfers/ other adjustments	Revised appropriation	Disbursements during the biennium	Unliquidated obligations as at 31/12/99	Total expenditure	Balance of appropriations
Policy-making Organs	6,680.0	(476.7)	6,203.3	5,671.0	131.7	5,802.7	400.6
General Management	10,474.0	1,172.8	11,646.8	10,792.5	752.1	11,544.6	102.2
Strengthening of Industrial Capacities	42,017.5	(278.7)	41,738.8	32,885.4	4,313.3	37,198.7	4,540.1
Cleaner and Sustainable Industrial Development	14,415.0	21.3	14,436.3	10,623.1	818.7	11,441.8	2,994.5
Regional Programme Management	20,343.7	32.0	20,375.7	17,074.8	1,309.8	18,384.6	1,991.1
Technical Cooperation Management	7,567.6	(2.7)	7,564.9	6,617.4	1,229.3	7,846.7	(281.8)
Administration	44,400.8	22,086.9	66,487.7	50,022.5	8,811.8	58,834.3	7,653.4
Total A	145,898.6	22,554.9	168,453.5	133,686.7	17,366.7	151,053.4	17,400.1
Income	**Approved estimates**			**Actual income**	**Accrued income**	**Total income**	**(Excess) shortfall**
Regional Programme Management	895.5		895.5	485.3		485.3	410.2
Administration	13,954.1	20,297.2	34,251.3	22,022.1	5,846.3	27,868.4	6,382.9
Miscellaneous Income							
(i) Estimated in GC.7/Dec.16	1,508.3	17.8	1,526.1	2,391.2		2,391.2	(865.1)
(ii) Not estimated in GC.7/Dec.16				(533.4)		(533.4)	533.4
Total B	16,357.9	20,315.0	36,672.9	24,365.2	5,846.3	30,211.5	6,461.4
Total A-B	129,540.7	2,239.9	131,780.6	109,321.5	11,520.4	120,841.9	10,938.7

Schedule 4.1

GENERAL FUND

Status of appropriations by major object of expenditure for the biennium 1998-1999 as at 31 December 1999 (note 2(a)(i))

(In thousands of United States dollars)

Major object of expenditure	Original appropriation	Transfers/ other adjustments	Revised appropriation	Disbursements	Unliquidated obligations as at 31/12/99	Total expenditure	Balance of appropriations
Salaries and common staff costs	86,436.9	7,474.6	93,911.5	90,591.1	1,847.9	92,439.0	1,472.5
Travel on official business	2,192.1	34.5	2,226.6	1,192.4	227.2	1,419.6	807.0
Contractual services	694.7	12.4	707.1	512.4	106.4	618.8	88.3
General operating expenses	16,869.2	11,765.3	28,634.5	17,754.7	8,053.4	25,808.1	2,826.4
Supplies and materials	780.8	132.4	913.2	426.7	169.6	596.3	316.9
Acquisition of furniture and equipment	473.1	201.4	674.5	83.0	517.5	600.5	74.0
Technical cooperation	13,676.7	244.0	13,920.7	7,665.2	4,155.3	11,820.5	2,100.2
EDP non-staff costs	4,164.1	84.2	4,248.3	2,898.0	1,108.8	4,006.8	241.5
Other expenditures	20,611.0	2,606.1	23,217.1	12,563.2	1,180.6	13,743.8	9,473.3
Total A	145,898.6	22,554.9	168,453.5	133,686.7	17,366.7	151,053.4	17,400.1
	Approved estimates			**Actual income**	**Accrued income**	**Total income**	**(Excess) shortfall**
Income							
Salaries and common staff costs	4,726.9	4,816.4	9,543.3	8,831.3	30.3	8,861.6	681.7
Travel on official business	3.3	3.6	6.9				6.9
General operating expenses	9,845.4	9,256.5	19,101.9	11,889.3	5,319.4	17,208.7	1,893.2
Supplies and materials	104.8	94.1	198.9	106.1	93.9	200.0	(1.1)
Acquisition of furniture and equipment	167.1	154.6	321.7	33.2	402.7	435.9	(114.2)
Other expenditure	2.1	5,972.0	5,974.1	1,647.5		1,647.5	4,326.6
Total B	14,849.6	20,297.2	35,146.8	22,507.4	5,846.3	28,353.7	6,793.1
Miscellaneous income							
(i) Estimated in GC.7/Dec.16	1,508.3	17.8	1,526.1	2,391.2		2,391.2	(865.1)
(ii) Not estimated in GC.7/Dec.16				(533.4)		(533.4)	533.4
Total C	1,508.3	17.8	1,526.1	1,857.8		1,857.8	(331.7)
Total A-B-C	129,540.7	2,239.9	131,780.6	109,321.5	11,520.4	120,841.9	10,938.7

Annex III

NOTES TO THE FINANCIAL STATEMENTS

Preface

UNIDO MISSION STATEMENT

UNIDO is the specialist agency of the United Nations dedicated to promoting sustainable industrial development in countries with developing and transition economies.

UNIDO harnesses the joint forces of government and the private sector to foster competitive industrial production, develop international industrial partnerships and promote socially equitable and environmentally friendly industrial development.

UNIDO is the only worldwide organization dealing with industry from a development perspective. Its services are non-profit, neutral and specialized. Its staff are highly qualified with the widest range and depth of required industrial expertise. UNIDO acts as a catalyst to help generate national economic wealth and raise industrial capacity through its roles as a worldwide forum for industrial development and as a provider of technical cooperation services.

UNIDO's ultimate goal is to create a better life for people by laying the industrial foundations for long-term prosperity and economic strength.

Note 1. Summary of significant accounting policies

The following are the significant accounting policies of UNIDO:

(a) UNIDO's accounts are maintained in accordance with the Financial Regulations of UNIDO as adopted by the General Conference, the rules formulated thereunder, administrative instructions in force as at the date of conversion of UNIDO into a specialized agency, and in conformity with generally accepted government accounting principles. UNIDO follows the accounting standards as approved by the Consultative Committee on Administrative Questions on behalf of the Administrative Committee on Coordination at its eighty-third session and requested by General Assembly resolution 48/216, and the financial statements, of which these notes form an integral part, are presented in accordance with those standards, as shown below:

(i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons.

(ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies.

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies which have been used.

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place.

(v) Financial statements show corresponding figures for the preceding period.

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The UNIDO financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

(c) Fund accounting. The UNIDO accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Conference or the Director-General. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts.

(d) The fiscal period of the Organization is a biennium and consists of two consecutive calendar years.

(e) The income, expenditure, assets and liabilities are recognized on the accrual basis of accounting except for trust funds, and the Industrial Development Fund, where income is recorded upon receipt of the contribution only.

(f) Translation of currencies. The accounts of the Organization are presented in United States dollars. Transactions in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the United Nations. In respect of such currencies, the financial statements, prepared at such intervals as may be prescribed, reflect the cash, investments, and current accounts receivable and payable in currencies other than United

States dollars, translated at the United Nations rates of exchange in effect as at the date of the statements.

(g) Assessed contributions. In accordance with financial regulation 5.6, payments made by a Member State are credited first to the Working Capital Fund and then to the contributions due, in the order in which the Member State was assessed.

(h) Pledged contributions. Starting with the biennium 1998-1999, pledges are no longer recorded.

(i) Contributions in kind received or receivable and the value thereof are not accounted for but disclosed in the notes to the financial statements.

(j) Funds on deposit in interest-bearing bank accounts, certificates of deposit, time deposits and call accounts are shown in the statements of assets and liabilities as cash.

(k) Deferred charges.

(i) Deferred charges comprise expenditure items that are not properly chargeable in the current fiscal period and that will be charged as expenditure in a subsequent fiscal period.

(ii) For balance-sheet statement purposes only, that portion of the education grant advance which is assumed to pertain to the scholastic year completed as at the date of the financial statement is shown under deferred charges. The full amount of the advance is maintained in the accounts receivable from staff members until such time as the staff member produces the required proof of entitlement to the education grant, at which time the budgetary account is charged and the advance recovered.

(l) Fixed assets. Furniture, equipment, other non-expendables and leasehold improvements are not included in the assets of the Organization. Acquisitions are charged against budgetary accounts in the year of purchase.

(m) Commitments approved for future fiscal periods that are necessary in the interests of UNIDO, in accordance with financial rule 109.6, are disclosed in the notes to the financial statements of the respective fund. Such commitments are normally restricted to administrative requirements of a continuing nature and to other contracts or legal obligations where long lead times are required for delivery.

(n) No provision is made in the General Fund for repatriation grant entitlements or to meet contingencies under appendix D to the Staff Rules of UNIDO as funds are provided for in the budget appropriations. However, provision is made to meet repatriation grant entitlements and contingency liabilities for compensation payments under appendix D for personnel financed by technical cooperation other than UNDP and general trust funds and are calculated on the basis of one per cent of net base pay.

(o) Surpluses due to Member States are funds available for credit to Member States arising from unobligated balances of appropriations, savings in the liquidation of obligations for prior periods and contributions from new Member States. In accordance with financial regulation 4.2 (b) as amended, the amount standing to the credit of Member States is reduced by the amount of contributions remaining unpaid. The balance of the surplus account is to be offset against future assessments in accordance with financial regulation 5.2 (d), unless the General Conference decides otherwise.

(p) Other income.

(i) The net income realized from revenue-producing activities is reported as other income.

(ii) Refunds of expenditures charged to prior fiscal periods are credited to miscellaneous income.

(iii) Moneys accepted in respect of which no purpose is specified have been treated as miscellaneous income.

(iv) Gain/loss on exchange arises from transactions in currencies other than United States dollars and revaluation of assets and liabilities held in local currencies.

(v) Proceeds from the sale of surplus property are credited to the miscellaneous income of the respective funds.

(vi) Net income from sales of publications is reported as other income. Gross income and related costs are disclosed in the note to the General Fund.

(q) Technical cooperation accounts.

(i) The appropriations for technical cooperation programmes of the regular budget are administered in accordance with the Financial Regulations of UNIDO.

(ii) Allocation income - UNDP. The figures for allocation income from UNDP and UNDP trust funds are the same as reported for total expenditure in line with UNDP procedures, which require that allocations be adjusted to equal actual expenditure.

(iii) Contributions income - trust funds and Industrial Development Fund. Contributions from Governments or other donors are recorded upon receipt of the contribution. In the case of the Industrial Development Fund, this represents a deviation from previous practice.

(iv) Interest and miscellaneous income. Interest and miscellaneous income arising from the Regular Programme of Technical Cooperation are credited to the General Fund. Interest and miscellaneous income arising from UNDP activities are credited to the operating fund account maintained with that organization. Interest and miscellaneous income for technical cooperation trust funds are credited to relevant projects. Starting with the biennium 1998-1999, interest arising from Industrial Development Fund activities is credited to accounts payable until disposed of by the donor. Interest accrued under the general-purpose segment of the fund is credited to that fund.

(v) The criteria for recording and reporting unliquidated obligations against the current biennium for the Regular Programme of Technical Cooperation are the same as those for the regular budget. For all other technical cooperation fund sources obligations may be reported as expenditure of the current year on the basis of the following criteria:

Personnel services

The cost of salaries and related expenses corresponding to services rendered within the calendar year. Personnel services, in this context, includes temporary assistance and overtime as well as consultants who have subscribed to Special Service

Agreements. However, when the remuneration of the consultant is expressed as a lump sum rather than a sum per period worked, the full cost of the contract may be treated as an obligation of the current year.

Supplies and equipment

The full cost of contracts or purchase orders entered into prior to the end of the year, whether or not delivery has been effected, as long as there is budgetary provision in the current period.

Subcontracts

An obligation can be sustained on the basis of the payment schedule included in the signed contract with the contractor. Where no payment schedule exists, the basis is the estimated timing of payments.

Fellowships

The cost of the fellowship from the date of commencement of study to completion of study or 31 December, whichever is earlier. The fellow must have been placed, i.e. the fellowship awarded to a named individual and the place of study, the course of study and the duration of the study established and the recipient Government notified.

Travel

The full cost of travel, including the cost of transportation, subsistence allowances and other incidental expenses can be sustained if travel started prior to the end of the calendar year.

Group training

The cost of activities held in the current year. In the case of activities beginning in one year and continuing into the next, the full cost of the activity should be charged to the current year.

(vi) Unliquidated obligations for the current period in respect of all technical cooperation activities other than the regular budget remain valid for 12 months following the end of the year, rather than the biennium, to which they relate. However, in accordance with UNDP reporting requirements, executing agencies may retain unliquidated obligations beyond 12 months when a firm liability to pay still exists; such liabilities are reported as accounts payable in the financial statements. Savings in the liquidation of prior period obligations are credited to individual projects as a reduction of current period expenditure in accordance with UNDP reporting requirements. The UNDP requirements are also applied in the case of the Industrial Development Fund and trust funds.

(vii) A system of average costing is used for UNDP projects whereby those elements of experts' actual costs which are unique to the individual expert are charged to UNDP projects at average cost, calculated by apportioning those costs over all UNDP projects in respect of which expert-months have been delivered in the current period.

(r) Trust funds. Director-General's bulletin UNIDO/DG/B.18/Rev.1 dated 15 May 1992 sets out revised policies for establishing and managing trust funds with effect from 26 May 1992.

Extrabudgetary funds provided to reimburse the Organization for the use of its facilities are excluded from the provisions of UNIDO/DG/B.18/Rev.1.

(s) Special account for programme support costs.

(i) Reimbursement for programme support costs is provided for in respect of extrabudgetary technical cooperation activities. Reimbursement is calculated as a percentage of programme resources expended.

(ii) Under the UNDP successor arrangements for agency support services for programme and policy development (SPPD) as well as support for technical services (STS) are reimbursed at standard unit cost per work-month, whereas for administrative and operational services reimbursement is calculated at the rate of 10% for all services.

(iii) In the financial statements of the Organization, the special account for programme support costs is shown separately from the inter-organization funds, from which its income derives.

(iv) Unliquidated obligations in respect of the special account for programme support costs are accounted for on the same basis as for the regular budget.

(t) *Ex gratia* payments made in accordance with financial rule 109.13 are reported in the notes to the financial statements of the respective fund pursuant to financial regulation 9.3.

Note 2. General Fund and Working Capital Fund

(a) Assessed contributions

(i) The General Conference approved an amount of $129,540,700 for the regular budget for 1998-1999 on the basis of an exchange rate of US$ 1 = AS 12.90 (GC.7/Dec.16) to be financed from contributions by Member States. This amount has been restated to $131,780,600 after applying the adjustment formula shown in decision GC.7/Dec.16 to take account of the average exchange rate actually experienced during the biennium (US$ 1 = AS 12.6335). The revised appropriations for 1998-1999 are shown in Statement IV of the financial statements.

(ii) Due to the fact that Austrian schilling contributions were converted to United States dollars at the exchange rate in effect at the time of receipt, and to the fact that Austrian schilling contributions unpaid at 31 December 1999 were revalued at the rate in effect at that date (US$ 1 = AS13.664), the value of the assessment increased by $1,391,647 to $130,932,347.

(b) Revenue-producing activities

Gross revenue from the sale of UNIDO publications was $226,836, one half of which ($113,418) was transferred to the newly established sales publication revolving fund. Costs for sales promotion activities and other expenses ($39,817) have reduced this fund to $73,601.

(c) Currency exchange adjustments

As a result of fluctuations in the exchange rate between the Austrian schilling and the United States dollar, a net loss of $1,002,972 was realized on funds held in Austrian schillings.

(d) Prior biennium adjustments

Pursuant to decision IDB.7/Dec.7, arrears of assessed contributions in Austrian schillings for 1996-1997 were valued at the exchange rate of US$1 = AS 11.65, being the average exchange rate for the three-year period covering the biennium 1996-1997 and the 12-month period following that biennium and ending on 31 December 1998.

Prior biennium adjustments of $2,115,745 represent an increase in the value of Austrian schilling contributions, 1996-1997 of Member States and new Member States of $2,124,497 and a decrease of $8,752 in the surplus for the biennium 1990-1991. According to the scale of assessments approved by the General Conference in 1989 for the biennium 1990-1991, the Yemen Arab Republic and the People's Democratic Republic of Yemen were assessed as two countries although they were unified during that biennium.

(e) Savings on or cancellation of obligations from the prior biennium

The following is an analysis, expressed in millions of United States dollars, of savings on liquidation of 1996-1997 obligations and of the status of appropriations for that biennium as at 31 December 1998:

Major Programme	Balance of appropriations as at 31 December 1997	Savings on liquidation of obligations in 1998	Balance of appropriations as at 31 December 1999
Policy-making Organs	1.4	0.1	1.5
General Management	2.3	0.1	2.4
Country Programmes and Funds Mobilization	6.4	0.2	6.6
Research and Publications	3.2		3.2
Human Resource, Enterprise and Private Sector Development	3.2	(0.1)	3.1
Industrial Sectors and Environment	5.9	0.1	6.0
Investment and Technology Promotion	2.7	(0.1)	2.6
Common Programmes	4.4	1.2	5.6
Joint and Common Services	11.7	0.4	12.1
Administration	4.7	0.2	4.9
Total A	45.9	2.1	48.0
	(Excess) shortfall over approved estimate	(Excess) shortfall accrued income	(Excess) shortfall over approved estimates
Income	6.5	0.3	6.8
Total B	6.5	0.3	6.8
Total A - B	39.4	1.8	41.2

(f) Accounts receivable - other

The analysis of this balance sheet item previously reported is discontinued, as it is not expected to influence the judgement of the reader.

Accounts receivable - other include $763,745 relating to the Organization's claim submitted to the Government of the United States of America in respect of United States income tax reimbursed to UNIDO staff members in 1996 and 1997 under the tax reimbursement agreement.

While the Government of the United States of America had communicated to the Organization that funds appropriated for tax reimbursement payments to UNIDO are presently exhausted but that it is the objective of the Government to settle the outstanding claims to the extent funds become available, payment in the amount of $139,858 was received in 1999.

The issue of the Organization's claim to the International Atomic Energy Agency under the cost sharing agreement for termination indemnity costs for Buildings Management staff separated during the 1995 staff reduction exercise is not resolved. A provision for a possible write-off of this receivable, included in the obligations against 1996-1997 appropriations, was transferred to accounts payable in 1998.

UNIDO has entered into incentive agreements with international airlines. Funds received are reported in Statement I and included under the heading "Other income - miscellaneous".

(g) Contributions received in advance

Contributions of varying amounts, totalling $0.3 million, were received from Member States to be applied against the 2000 assessment.

(h) Borrowings

At the time UNIDO became a specialized agency an interest-free loan of $16,000,000 was received from the United Nations. The loan is repayable at the rate of $1,000,000 a year, commencing in 1990. The total amount due as at 31 December 1999 amounts to $6,000,000.

(i) Accounts payable - other

Pursuant to decision GC.8/Dec.10 interest income in excess of the budgetary estimate for 1999 in the amount of $97,385 was transferred to accounts payable.

(j) Essential requirements programme - BMS

In the budget of the biennium 1998-1999 total costs are estimated at $7.4 million. They are to be cost-shared with all Vienna-based organizations (VBOs). UNIDO's share is approximately $1.6 million. In the second year of the biennium $4.4 million was expended of which $3.5 million is recoverable from the VBOs. Net advances of $1.1 million received from VBOs are held in accounts payable until they are offset by future invoices.

(k) Working Capital Fund

(i) The amount of the Fund was set by the General Conference at $9 million (GC.2/Dec.27). The level of the Working Capital Fund, reduced to $6,750,000 (GC.6/Dec.16) for the biennium 1996-1997 was further reduced to $6,610,000 for the biennium 1998-1999 (GC.7/Dec.12). The Fund was replenished to its established level during 1998.

(ii) The excess of the balance of the Fund over its authorized level in the amount of $152,622 representing contributions assessed to new Member States in 1996-1999 was applied against 1998-1999 assessments.

(l) Surplus due to Member States

The following is an analysis of the surpluses due to Member States, expressed in millions of United States dollars after application of the provision for the delay in the collection of assessed

contributions. The modified United Nations Accounting Standard on provision for delays in collection of assessed contributions allows for a more pragmatic approach versus the previous restrictive option for either no, or a full 100%, provision. The policy adopted makes provision for contributions receivable from Member States and new Member States for prior bienniums at balance sheet date.

	Surplus	Disposal of surpluses	Surpluses applied to assess-ments	Provisions for delays in the collection of contributions	Surpluses due to Member States	Remarks
1998-1999	10.1				10.1	Provisional
1996-1997 (GC.8/Res.4)	41.7			37.6	4.1	
1994-1995 (GC.7/Dec.17)	31.5	13.9		45.0	(27.4)	
1992-1993 (GC.6/Dec.15) (GC.8/Dec.10) (GC.8/Res.4)	14.7	9.5	1.5	2.3	1.4	
1990-1991	8.7			1.2	7.5	Retained - GC.5/Dec.14
1988-1989	6.5			0.2	6.3	Retained - GC.4/Dec.15
1986-1987 (GC.4/Dec.15)	4.3	4.3				
	117.5	27.7	1.5	86.3	2.0	
Contributions from new Member States	1.3		0.7	0.1	0.5	
Total	118.8	27.7	2.2	86.4	2.5	

(m) Separation indemnity reserves

Pursuant to decision GC.6/Dec.15, paragraph (e), the amount of $9,546,732 representing the balance of appropriations for the biennium 1992-1993 which has been paid in was transferred to a separation indemnity reserve in 1995. The reserve has effectively been reduced to $1,362,927 by payments made in 1995, during the bienniums 1996-1997, and 1998-1999 ($327,703). Pursuant to decision GC.7/Dec.17 the amount of $13.9 million was transferred from the unutilized balance of appropriations for the biennium 1994-1995 for the funding of the separation indemnity reserve to meet the cost of staff separations resulting from the 1998-1999 programme and budgets. This reserve has effectively been reduced to $3,889,533 by payments made during the biennium 1998-1999 ($10,010,467).

(n) Long-term contracts awarded for the operation of the VIC are not reported as commitments as they may be terminated at any time without penalty.

(o) Non-expendable equipment

The following table shows the non-expendable equipment, at cost, expressed in millions of United States dollars, according to the cumulative inventory records of UNIDO as at 31 December 1998. In accordance with UNIDO accounting policies, non-expendable equipment is not included in the fixed assets of the Organization but is charged against the appropriations when acquired. The minimum dollar value per item of non-expendable property is $1,500.

Balance as at 1 January 1998		13.9
Adjustment		(1.1)
Add:	Acquisitions during 1998-1999	0.9
Deduct:	Disposals during 1998-1999	1.3
Balance as at 31 December 1999		12.3

(p) Contingent liability for end-of-service payment to staff

In accordance with the decision taken by the Panel of External Auditors in 1989 at Manila, UNIDO calculated the amounts required to cover the estimated costs of contingency liabilities for end-of-service payment as at 31 December 1999.

In line with United Nations accounting standards and contrary to previous practice liabilities for end-of-service payments comprise end of service allowance, repatriation grant and compensation for accrued annual leave. The valuation is based on average cost of staff separating during the biennium 1996-1997. They are estimated to be:

Regular budget	$17.8 million
Operational budget	$ 4.1 million

Post retirement benefits are excluded, as no actuarial estimate is available.

It should be noted that no budgetary provision has been made, except that in the case of the operational budget as reflected in Statement II and note 3(c) (operating reserve) there is a contingency reserve of $4.3 million which was effectively reduced to $1.6 million by negative fund balances.

(q) Contingent liability to the United Nations Joint Staff Pension Fund

Pursuant to Article 26 (a) of the Regulations and Rules of the United Nations Joint Staff Pension Fund, member organizations are obliged to pay in the sum necessary to make good the deficiency in the event that the actuarial valuation of the Fund shows that its assets may not be sufficient to meet its liabilities under these regulations. The United Nations Joint Staff Pension Fund Secretariat is to determine the potential liability of each member organization. In the report of the twenty-fourth actuarial valuation of the United Nations Joint Staff Pension Fund, the Consulting Actuary has assessed the actuarial sufficiency of the Fund. There is no requirement for deficiency payments under Article 26 of the Regulations of the Fund as of 31 December 1997. The actuarial valuation is to be updated in 2000.

(r) After-service health insurance

Staff members (their spouses, dependent children or survivors) retiring from service under the Pension Fund Regulations at age 55 or later, are eligible for after-service health insurance

coverage after having been a participant in a contributory health insurance scheme of the common system for at least 10 years. The same applies to staff members receiving compensation for disability under Appendix D to the Staff Rules. Costs of participation in this scheme are borne on the basis of joint contributions by UNIDO and the participants concerned.

No actuarial study has been undertaken to establish the present level of unfunded liabilities. The United Nations Administrative Committee on Coordination (ACC) requested the Consultative Committee on Administrative Questions (Finance and Budget) (CCAQFB) to include the question of long-term implications and impact on growth of after-service health insurance on the agenda so that it may be addressed on a system-wide basis in a report of the Secretary-General. During 1998-1999 the Organization's contribution to the scheme amounted to US$1,579,935. The obligation of US$1,000,000 against 1996-1997 appropriations for amounts due to the United Nations for former UNIDO staff members insured in the United Nations insurance plan for the period 1986 to 1994 was transferred to accounts payable.

(s) Contributions in kind

Contributions in kind estimated at $506,700 were received from Member States in support of the UNIDO field service and projects, and $75,600 in support of travel of staff.

(t) Common Fund for Major Repairs and Replacements

On 1 January 1981 an agreement between the Republic of Austria, the United Nations, and IAEA went into effect to establish a common fund for the purpose of financing the cost of major repairs and replacements of buildings, facilities and technical installations which are the property of the Republic of Austria and form part of the headquarters areas of the United Nations and IAEA at the Vienna International Centre. This agreement has also applied to UNIDO since 1986 when it became a specialized agency. The Fund is administered by the Controller, Financial Performance Control Branch of UNIDO through a joint committee. Annual financial statements are prepared by UNIDO and audited by the UNIDO Office of Internal Oversight. The liability of each of the three VIC-located organizations which was under the agreement limited to $150,000 per year, i.e. $25,000 as an annual contribution and up to $125,000 as reimbursement of approved expenditures incurred in the previous year, was increased to $325,000 as of 1 January 1996. The Republic of Austria is liable to pay the balance exceeding the combined limit of $900,000 established for the three United Nations organizations. In 1999 an agreement was reached between the VIC-based organizations and the CTBTO to share the annual contribution as well as the annual expenditure equally among the four of them. The agreement with the Austrian Government is being renegotiated.

The provisional Fund balance as at 31 December 1999 was $2,801,540.

Note 3. Other headquarters funds

(a) Funds reported under this heading comprise the special account for programme support costs and the Computer Model for Feasibility Analysis and Reporting (COMFAR).

(b) Net excess of income over expenditure

The following is an analysis, expressed in United States dollars, of income and expenditure during the biennium 1998-1999 for the funds reported under this heading.

	Special account for programme support costs	Computer model for feasibility analysis and reporting	Total
Income	21,782,925	741,988	22,524,913
Expenditure	24,391,733	744,945	25,136,678
Net excess of income over expenditure	(2,608,808)	(2,957)	(2,611,765)

(c) Operating reserve

An operating reserve, established in respect of the special account for programme support costs in accordance with PBC conclusion 1989/4 at $5,504,190 was reduced to $4,300,000 in accordance with Board decision IDB.14/Dec.12. The net reserve of $4,225,261 brought forward from 1997 was effectively reduced by the negative fund balance of $2,608,808 to $1,616,453.

(d) Contributions in kind

Contributions in kind estimated at $297,200 were received from Member States in support of the UNIDO field service and $13,300 in support of travel of staff.

(e) Commitments in the amount of $0.2 million, representing legal obligations for which disbursements will be made in future bienniums were entered into prior to 31 December 1999 in respect of COMFAR.

Note 4. Technical cooperation

(a) Technical cooperation activities reported under this heading comprise activities executed by UNIDO with funds provided through the Industrial Development Fund, trust funds and inter-organization agreements with UNDP and other organizations.

(b) Transfers to reserves

This represents the charge to projects in respect of the provision for compensation payments referred to in note 1 (n).

(c) Of the $161,742,200 cash balance, the equivalent of $815,459 is held in currencies classified as non-convertible, as follows:

Trust funds	7,709
Industrial Development Fund	807,750
Total non-convertible currencies	815,459

(d) Prior biennium adjustment

With a view to streamlining procedures and to make reporting to donors more transparent and user-friendly, the income recognition under the Industrial Development Fund (IDF) was changed from the accrual to a cash basis. In addition, interest earned on funds received in respect

of the special-purpose segment of the Fund was credited to accounts payable pending instruction from donors on the utilization of these resources. This change in the accounting policy resulted in an adjustment to the fund balance brought forward as follows:

Cash received in excess of pledges as at 31 December 1997	46,378.1
Interest at disposal of donors for period prior to 31 December 1997	30,316.9
	16,061.2

(e) Voluntary contributions receivable, advances and other liabilities

The change of the accounting policy, moving from income recognition on an accrual basis to a cash basis led to the elimination of pledges from the accounts. $130,402.6 reported under the IDF - voluntary contributions (table 1) relates to cash received during the biennium only.

(f) Operating reserves

The Industrial Development Board, in decision IDB.2/Dec.7, authorized the freezing of the operational reserve of the Industrial Development Fund at $550,000.

(g) A provision for insurance of project equipment was accrued over years and finally reached a net balance of $1,112,257. As transfer to the provision by far exceeded funds utilised, this balance is credited to the relevant funds in 1999:

$ 799,268 to UNDP miscellaneous income
$ 147,819 to the general purpose segment of the Industrial Development Fund
$ 26,916 to Regular Programme - refund prior years' expenditure
$138,254 to accounts payable under Trust Funds

(h) The unspent balance of the Trust Fund for Special Industrial Services ($217,519), which dates back to periods when UNIDO was part of the United Nations Secretariat, is credited to the general purpose segment of the Industrial Development Fund.

(i) Commitments representing legal obligations for which disbursements will be made in future bienniums were entered into prior to 31 December 1999, as follows (expressed in millions of United States dollars):

Industrial Development Fund	14.1
Trust funds	1.6
Inter-organization arrangements	1.5
	17.2

(j) *Ex gratia* payment in the amount of $3,060 in respect of the Industrial Development Fund was approved by the Director-General and charged to the respective project in agreement with the donor.

(k) Pursuant to the memorandum of understanding between UNIDO and UNDP dated April 1989 concerning the integration of the UNIDO field service within the UNDP field office, UNDP provided resources in the amount of $588,539 in support of the UNIDO Country Director programme during the year 1998. No further funds were made available in 1999 and the programme is considered closed.

(l) Contributions in kind estimated at $1,445,200 were received from Member States in support of UNIDO project offices and projects, and $45,600 in support of project travel.

(m) Accounts receivable - other, other assets, accounts payable - other

The analysis of these balance sheet items previously reported is discontinued, as it is not expected to influence the judgement of the readers.

Note 5. Self-liquidating commercial activities (annex I)

VIC Catering Services

The contract with the caterer expired 31 December 1999 and was not renewed. Contingency liabilities for termination benefits and indemnities are under review. Non-expendable equipment used by the VIC Catering Services has been purchased by UNIDO. According to cumulative inventory records its value amounts to $1,794,989. In accordance with agreements regarding the operation of the VIC, 78.98 per cent of the value of equipment acquired during the biennium 1998-1999 was recovered from other agencies.

Annex i

SELF-LIQUIDATING COMMERCIAL ACTIVITIES

(In United States dollars)

VIC Catering Services

Statement of income and expenditure for the biennium 1998-1999

Income		
Gross sales		9,400,538
Less: Cost of goods sold		3,503,061
Net income from sales		5,897,477
Other income		347,796
Total income		6,245,273
Expenditure		
Personnel services		5,750,293
Other		723,006
Total expenditure		6,473,299
Excess (shortfall) of income over expenditure		(228,026)

Statement of assets and liabilities as at 31 December 1999

Assets	
Cash	719,022
Accounts receivable	198,702
Interest receivable	1,293
Inventory	49,097
Total assets	968,114
Liabilities	
Accounts payable	162,426
Total liabilities	162,426
Fund balance	
Balance available 1 January 1998	1,033,714
Add: Excess (shortfall) of income over expenditure	(228,026)
Balance available 31 December 1999	805,688
Total liabilities and Fund balance	968,114

Annex ii

TECHNICAL COOPERATION ACTIVITIES EXECUTED BY UNIDO

Table 1. Combined statement of income and expenditure and changes in reserves and fund balances for the biennium 1998-1999 ended 31 December 1999
(In thousands of United States dollars)

	Regular Programme	Industrial Development Fund	Trust funds	Inter-organization arrangements	Total 1998-1999
INCOME					
Assessed contributions					
Voluntary contributions		130,402.6	20,893.4		151,296.0
Other income					
Funds received under inter-organization arrangements				34,567.8	34,567.8
Allocations from other funds	7,513.1				7,513.1
Interest income		214.2	2,694.3		2,908.5
Currency exchange adjustments		181.4	(887.7)		(706.1)
Miscellaneous		88.1	(24.4)		63.7
TOTAL INCOME	7,513.1	130,886.3	22,675.6	34,567.8	195,642.8
EXPENDITURE					
Salaries and common staff costs	4,254.6	25,220.8	12,478.2	15,975.0	57,928.6
Contractual services	442.7	54,364.1	2,844.1	3,148.4	60,799.3
Operational expenses	330.8	2,901.5	964.0	1,809.9	6,006.2
Acquisitions	1,472.9	19,371.3	1,777.5	5,979.0	28,600.7
Fellowships	1,012.1	3,836.5	1,872.8	3,333.9	10,055.3
Programme support costs		13,247.2	1,869.1	4,340.0	19,456.3
TOTAL EXPENDITURE	7,513.1	118,941.4	21,805.7	34,586.2 (a)	182,846.4
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		11,944.9	869.9	(18.4)	12,796.4
Prior biennium adjustments		16,061.2			16,061.2
Provision for delays in collection of contributions					
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		28,006.1	869.9	(18.4)	28,857.6
Savings on or cancellation of prior biennium's obligations					
Transfers to reserves		126.9	63.4		190.3
Transfers from reserves					
Transfers to/from other funds					
Credits to Member States					
Other adjustments to reserves and fund balances					
Reserves and fund balances, beginning of biennium		54,599.7	30,687.8	34.2	85,321.7
RESERVES AND FUND BALANCES, END OF BIENNIUM		82,732.7	31,621.1	15.8	114,369.6

References:-
(a) - Annex II, table 5

Table 2. Combined statement of assets, liabilities, and reserves and fund balances as at 31 December 1999

(In thousands of United States dollars)

	Regular Programme	Industrial Development Fund	Trust funds	Inter-organization arrangements	Total 1999
ASSETS					
Cash and term deposits		119,532.0	35,780.7	6,429.5	161,742.2
Investments					
Accounts receivable					
Assessed contributions receivable from Member States					
Voluntary contributions receivable					
Other contributions receivable				1,099.4	1,099.4
Less provision for delay in collection of contributions					
Interfund balances				1,652.0	1,652.0
Other		766.5	135.0	653.4	1,554.9
Other assets				3,460.1	3,460.1
TOTAL ASSETS		120,298.5	35,915.7	13,294.4	169,508.6
LIABILITIES					
Payments or contributions received in advance				5,583.2	5,583.2
Unliquidated obligations		19,729.9	2,216.6	5,241.3	27,187.8
Accounts payable					
Interfund balances		837.7	521.9		1,359.6
Other		16,998.2	1,556.1	2,454.1	21,008.4
Other funds and special accounts					
Other liabilities					
TOTAL LIABILITIES		37,565.8	4,294.6	13,278.6	55,139.0
RESERVES AND FUND BALANCES					
Operating reserves		550.0			550.0
Other reserves		1,045.8	975.6		2,021.4
Balances relating to projects funded by donors		78,650.5 (b)	30,645.5 (c)		109,296.0
Working capital funds					
Surplus (deficit)		2,486.4 (b)		15.8	2,502.2
TOTAL RESERVES AND FUND BALANCES		82,732.7	31,621.1	15.8	114,369.6
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		120,298.5	35,915.7	13,294.4	169,508.6

References:-
(b) - Annex II, table 3
(c) - Annex II, table 4

Table 3. Summary of transactions on sub-accounts of the Industrial Development Fund for the biennium 1998-1999 as at 31 December 1999
(In United States dollars)

	Fund balance as at 01/01/1998	Adjustment to fund balance	Cash received during the biennium	Expenditure during the biennium	Misc. income incl. General Pool interest earned during the biennium	Fund balance as at 31/12/1999
General-purpose convertible	2,056,955	(722,941)	1,039,729	245,333	357,947	2,486,357
Agence de Coopération Culturelle et Technique	27,225	(20,976)	153,000	70,054	(72)	89,123
Agence Wallonne à l'Exportation	59,856	(2,925)	394,599	304,642	(294)	146,594
Arab Industrial Development and Mining Organization	6,888	(7,011)	72	0	51	0
Australia	61,842	(81,936)	58,486	30,169	(5,569)	2,654
Austria	1,793,207	2,337,494	3,998,892	4,900,381	(13,021)	3,216,191
Bahrain	380,776	(67,392)	308,015	436,604	(464)	184,331
Belgium	1,908,362	(1,016,009)	1,469,601	1,407,807	73,141	1,027,288
Brazil	32,765	(3,069)	0	0	0	29,696
China	698,814	(187,052)	584,265	528,369	(494)	567,164
Common Fund for Commodities	397,971	(487,381)	239,392	876,746	(4,240)	(731,004)
Convention to Combat Desertification (INCD)	0	5	0	0	0	5
Corporación Andina de Fomento	46,477	(14,609)	(31,865)	0	0	3
Côte d'Ivoire	(442)	(108,765)	0	0	0	(109,207)
Costa Rica	7,199	3,530	26,698	66,237	(69)	(28,879)
Czech Republic (Ministry of Foreign Affairs)	109,460	(25,351)	159,046	157,277	(1,838)	84,040
Czech Republic (Ministry of Trade and Industry)	2,719	13	0	2,723	(3)	6
Democratic People's Republic of Korea	114,068	(201,751)	97,364	(7,154)	96	16,931
Denmark	159,922	943,513	3,908,230	2,312,287	56,748	2,756,126
Egypt	0	(101,718)	0	0	0	(101,718)
Finland	112,176	7,514	105,006	(1,768)	(61)	226,403
France (Ministere des Affaires Etrangères)	3,747,016	(4,480,130)	2,899,402	1,623,914	(43,749)	498,625
France (Ministère d'Agriculture)	2,837,291	(2,287,164)	1,388,473	830,808	(575)	1,107,217
Germany (a)	3,322,752	(912,305)	4,045,988	4,931,495	268,399	1,793,339
Greece	360,311	(38,769)	1,146,855	798,381	(3,766)	666,250
Gautemala	0	0	450,971	7,241	(6)	443,724
Hungary	4,493	127,336	492,818	100,982	(84)	523,581
India	1,016,456	(818,016)	2,256,941	794,200	17,839	1,679,020
Instituto Tecnológico y de Estudios Superiores de Monterrey	3,376	75	(4,602)	0	1,150	(1)
Inverni della Befta, Italy	0	21	0	0	0	21
Iran (Islamic Republic of)	35,268	(37,605)	0	0	0	(2,337)
Ireland	283	59,717	89,586	57,166	(51)	92,369
Italy	7,742,789	(7,145,136)	13,099,860	3,967,672	(79,142)	9,650,699
Japan	3,119,854	570,751	5,407,293	6,157,339	153,364	3,093,923
Japanese Standards Association	0	0	11,055	11,091	(9)	(45)
Kuwait Institute	0	(26,436)	26,165	0	(11)	(282)
Montreal Protocol	21,782,939	23,965,342	74,112,945	77,569,039	(83,732)	42,208,455
Netherlands	1,703,145	(235,013)	4,041,393	1,949,073	(20,464)	3,539,988
New Zealand	27,099	(8,411)	0	(468)	0	19,156
Norway	515,809	(247,910)	406,189	534,316	(510)	139,262
Poland	16,421	(13,505)	270,217	207,791	(10,012)	55,330
Portugal (Institute for Portuguese Cooperation)	169,960	(38,659)	0	0	(4,592)	126,709
Portugal (Multilateral Cooperation)	32,690	329,029	200,000	0	0	561,719
Republic of Korea	160,261	549,648	365,180	221,591	(1,981)	851,517
Romania	0	2,381	(2,381)	0	0	0
Saudi Arabia	588,105	364,948	0	351,142	(351)	601,560
SG des Eaux Minerals de Vittel	(849)	(602)	0	0	0	(1,451)
Slovakia	15,513	14,931	142,122	3,367	3	169,202
Spain	227	(227)	0	0	0	0
Sweden	210,454	(284,732)	74,278	0	0	0
Switzerland	2,004,524	1,151,181	4,440,603	5,692,919	(12,121)	1,891,268
Thailand	4,242	95,758	0	43,455	(39)	56,506
Turkey	15,873	(25,914)	1	0	10,040	0
UN Int. Drug Contr. Progr.	11,729	(11,728)	0	0	0	1
Undetermined	(19,988)	(11)	0	(18,847)	0	(1,152)
United Kingdom	141,969	(141,973)	0	0	0	(4)
Venezuela	24,329	(48,554)	24,270	0	17	62
Total special-purpose convertible	55,513,626	11,394,442	126,856,423	116,918,041	293,528	77,139,978

Table 3 (*continued*)

	Fund balance as at 01/01/1998	Adjustment to fund balance	Cash received during the biennium	Expenditure during the biennium	Misc. income incl. General Pool interest earned during the biennium	Fund balance as at 31/12/1999
Bulgaria	(268,922)	261,965	0	0	(57)	(7,014)
China	(187,997)	300,814	37,268	11,467	188	138,806
Cuba	(32,441)	297,589	42,000	0	0	307,148
Czech Republic (Ministry of Foreign Affairs)	(30,366)	(4,979)	538,985	505,582	17,368	15,426
Egypt	(61,351)	15,805	0	0	0	(45,546)
Egyptian Iron and Steel Co	0	31,942	0	0	0	31,942
Hungary	(202,213)	183,893	345,311	147,686	(10,009)	169,296
India	(1,233,827)	1,826,832	505,852	406,923	(109,038)	582,896
Iran (Islamic Republic of)	(7,998)	10,000	0	0	(953)	1,049
Mongolia	(15,797)	15,797	0	0	0	0
Pakistan	(61,062)	76,414	(15,351)	0	0	1
Poland	(272,005)	316,240	978,118	722,371	(23,235)	276,747
Romania	(53,337)	53,377	1,145	0	(693)	492
Russian Federation	(971,877)	971,950	0	0	(150)	(77)
Slovakia	68	73,987	73,129	0	(18,336)	128,848
Technology Information, Forecasting and Assessment Council, New Delhi	0	388	0	0	0	388
Turkey	(553,515)	470,406	0	(16,017)	(23,056)	(90,148)
Undetermined	0	0	0	0	298	298
Yugoslavia (b)	(487,267)	487,267	0	0	0	0
Total non-convertible	(4,439,907)	5,389,687	2,506,457	1,778,012	(167,673)	1,510,552
Grand total	53,130,674	16,061,188	130,402,609	118,941,386	483,802	81,136,887

(a) Includes balances from the former German Democratic Republic.
(b) Concerning Yugoslavia, see resolution GC/S.1/Res.1 adopted by the General Conference at its first special session.

Table 4. Summary of technical cooperation activities financed by trust funds for the biennium ended 31 December 1999
(In United States dollars)

	Fund balance 01/01/1998	Contributions received, interest and miscellaneous income 1998-1999	Expenditures 1998-1999	Fund balance 31/12/1999
Projects financed by recipient Governments				
Algeria	9,450	565	4,743	5,272
Argentina	465,373	3,127,750	1,002,627	2,590,496
Belarus	21,335	2,309		23,644
Bolivia	10,145	1,098		11,243
Brazil	269,001	893,938	411,106	751,833
Chile	5,556	602		6,158
China	128,140	122,448	199,825	50,763
Colombia	325,816	411,094	666,021	70,889
Côte d'Ivoire		440,987	252,328	188,659
Egypt	19,028	647,095	195,840	470,283
India	58,212	407,261	28,912	436,561
Iran, Islamic Republic of	52,829	5,719		58,548
Iraq	171,745	18,590		190,335
Libyan Arab Jamahiriya	1,836,755	(1,533,630)	200,645	102,480
Madagascar	205,480	19,154	113,603	111,031
Mauritius	31,623	106,684	105,277	33,030
Mexico	993	108		1,101
Oman	161,792	14,786	153,180	23,398
Panama	7,861	896	(318)	9,075
Paraguay	22,448	2,399	9,140	15,707
Peru	223,670	11,371	162,306	72,735
Qatar	3,738	(3,738)		
Russian Federation	36,007	331,398	267,739	99,666
Saudi Arabia	54,387	135,061	4,005	185,443
Slovenia		256,754	90,413	166,341
Thailand	1,327	110,643	84,863	27,107
Turkey	9,686	1,189	(1,256)	12,131
Subtotal	4,132,397	5,532,531	3,950,999	5,713,929
Associate Experts				
Austria	90,161	318,313	275,653	132,821
Belgium	759,817	77,995	185,527	652,285
Denmark	387,891	(64,702)	214,306	108,883
France	135,910	8,328	74,858	69,380
Germany	55,359	107,299	74,056	88,602
Italy	169,193	352,512	373,605	148,100
Japan	457,448	147,264	92,901	511,811
Netherlands	684,369	606,940	613,677	677,632
Norway	30,992	(30,992)		
Republic of Korea		87,193	20,075	67,118
Russian Federation	78,171	73,101	126,411	24,861
United Kingdom		55,809	29,792	26,017
Subtotal	2,849,311	1,739,060	2,080,861	2,507,510
Junior Professional Officers				
Austria	19,617	(2,928)	(11,732)	28,421
Belgium	128,132	28,511	22,409	134,234
Denmark	211,270	20,641	212,323	19,588
Finland	79,910	(79,910)		
France	12,059	1,305		13,364
Germany	428,316	54,748	(11,482)	494,546
Italy	25,029	(4,838)	(12,403)	32,594
Japan	47,830	5,133		52,963
Netherlands	239,632	104,152	88,165	255,619
Norway	54,019	(23,460)	9,811	20,748
Sweden	40,756	4,411		45,167
Switzerland	17,066	1,562		18,628
Subtotal	1,303,636	109,327	297,091	1,115,872

Table 4 (*continued*)

	Fund balance 01/01/1998	Contributions received, interest and miscellaneous income 1998-1999	Expenditures 1998-1999	Fund balance 31/12/1999
Projects financed by donor Governments				
Australia	196,770	14,676	161,794	49,652
Austria		248,222	122,035	126,187
Belgium	493,459	44,034	152,113	385,380
Canada	6,739	729		7,468
Czech Republic	138,829	236,116	255,177	119,768
Denmark	340,065	(340,065)		
Finland		181,241	80,580	100,661
France	91,188	140,900	104,271	127,817
Greece	16,421	92,334	56,427	52,328
Italy	7,034,353	8,767,238	7,766,563	8,035,028
Japan	7,393,438	2,826,849	2,746,602	7,473,685
Norway	30,227	(30,275)	11,207	(11,255)
Republic of Korea	382,664	107,988	170,545	320,107
Slovakia	93,843	(61,271)	25,897	6,675
Sweden	239,710	72,083	234,866	76,927
United Kingdom	630,820	52,496	227,167	456,149
USA	313,999	33,766	3,402	344,363
Subtotal	17,402,525	12,387,061	12,118,646	17,670,940
Other trust funds				
ALCOA Inter America Inc.	14,254	1,543		15,797
Arthur Andersen & Co	3,853	417		4,270
Associate Mining Industries, Nigeria	21,763	2,356		24,119
Bahrain Development Bank		50,784	19,031	31,753
Beni Suef Cement Company	27,538	2,981		30,519
Benue Cement Company	159,605	(159,605)		
Bumar Labedy	1,851	(1,851)		
Cement Company of Northern Nigeria	206,213	23,155		229,368
Centro de Investigaciones Textiles	82,214	210,718	191,186	101,746
Ceylon Steel Corporation	4,302	466		4,768
Chiyoda Corporation	3,284	355		3,639
Cooperation Council for the Arab States of the Gulf (GCC)	9,507	1,029		10,536
Engineering Consulting Firms Association	9,315	1,009		10,324
EPSTEIN Engineering Export Ltd.	657	71		728
European Union	24,342	124,355	86,720	61,977
Fed. Chemical & Ceramics Corp.	(1,365)	(148)		(1,513)
Food and Agriculture Organization of the United Nations	224	24		248
IFAD	70,451	124,291	47,785	146,957
Industrial Research and Consultancy Centre	329			329
Infocon	45,282	115,080	134,854	25,508
Inversionec Cofide S. A.	21,875	1,433	9,408	13,900
Iran Itok Engineering	8,668	938		9,606
Islamic Development Bank	6,161	69,723	49,245	26,639
Japan International Development Organization	219,899	(219,899)		
Magnetti Marelli		50,484		50,484
Mitsui Co. Ltd.	7,964	862		8,826
New Nigeria Development Co.	51,839	3,518	31,697	23,660
Nigerian Industrial Development Bank	72,131	(72,131)		

Table 4 *(continued)*

	Fund balance 01/01/1998	Contributions received, interest and miscellaneous income 1998-1999	Expenditures 1998-1999	Fund balance 31/12/1999
Nigerian National Petroleum Corporation	626,868	78,887	8,019	697,736
Nimtech	29,211	15,759	44,970	
Norad	59,508	766,728	151,486	674,750
Organisation Africaine de Communication par Satellite		276,805	210,361	66,444
Petroliam Nasional Berhard	22,943	2,484		25,427
PREMAG	14,901	387	12,946	2,342
Procter and Gamble Far East, Inc.		20,943	20,530	413
RCA Holding AG		319,672	84,614	235,058
Servicio Nacional de Aprendizagem Industrial	685,755	494,576	680,434	499,897
Sezione Speciale per l'Assicurazione de Credito	29,676	3,213		32,889
Shahid Modarres Ind Pharmac	43,867	4,748		48,615
Staudhammer Finanz AG	23,146	561	20,678	3,029
Swedish International Enterprise Development Association	293,568	234,770	489,762	38,576
TESID Turkish Electronic Industries Assoc.		10,509	8,902	1,607
The Ford Foundation	1,435	155		1,590
The Swiss Assoc. of Cement, Limestone & Gypsum Manuf.	248,383	(94,449)	153,934	
The Yemen Corporation for Cement Industries	12,790	1,384		14,174
Ukrainisch-österreichisches Forum	13,337	1,946	(4,814)	20,097
Unilever		20,706	19,694	1,012
United Nations	406	44		450
United Nations Fund for Special Industrial Services	197,056	(197,056)		
USAID		(360)		(360)
World Bank	634,644	(202,762)	270,013	161,869
Subtotal	4,009,650	2,091,608	2,741,455	3,359,803
Multi-donor trust funds	78,106	816,037	813,954	80,189
Subtotal	78,106	816,037	813,954	80,189
TOTAL	29,775,625	22,675,624	22,003,006	30,448,243

Table 5. Summary of technical cooperation activities for the biennium 1998-1999 financed under inter-organization agreements
(in United States dollars)

	Project expenditure	Programme support	Total expenditure
UNDP			
UNDP main programme	11,481,440	1,063,025	12,544,465
Support services for policy and programme development	1,604,528	691,765	2,296,293
Support for technical services at the project level	480,671	953,319	1,433,990
Projects for which UNIDO is the associated agency	620,394	61,721	682,115
Government executed projects for which UNIDO is the implementing agency	12,297,323	1,229,269	13,526,592
UNDP trust funds	3,743,433	340,928	4,084,361
UNEP	18,383		18,383
	30,246,172	4,340,027	34,586,199